World Investment Report 2025

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Chapter I

International investment trends

United Nations

Key findings

Global FDI fell by 11 per cent in 2024

FDI flows were reported 4 per cent higher, at $1.5 trillion. However, this figure was inflated by volatile flows through conduit economies. Excluding those, global flows fell by 11 per cent, a second year of decline. The outlook for 2025 is negative, owing to high investor uncertainty.

FDI in developing countries remains highly concentrated

Among developed countries, a sharp fall in inflows in Europe contrasted sharply with rising investment in North America. FDI flows to developing countries were flat, despite sizeable increases in Africa and in South-East Asia. Flows fell in East Asia and in South America. Ten recipients account for three quarters of developing-country inflows.

Digital economy investment is the only growth sector

Sectoral trends showed lower investment in most infrastructure sectors. Project announcements in supply chain–intensive industries held steady. Digital sectors, in contrast, saw a doubling of project values. The growing weight of FDI in digital economy sectors is reflected in the composition of the top 100 MNEs; technology firms now account for more than 20 percent of their revenues.

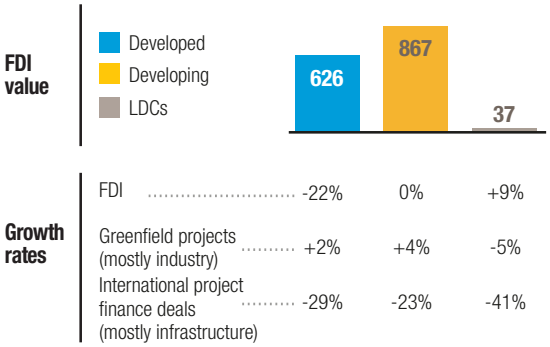
Investment in the Sustainable Development Goals is in crisis

Goals investment in developing countries dropped by a quarter to a third across infrastructure, renewable energy, water and sanitation, and agrifood systems. Only the health sector saw positive growth in 2024, albeit from a small base.

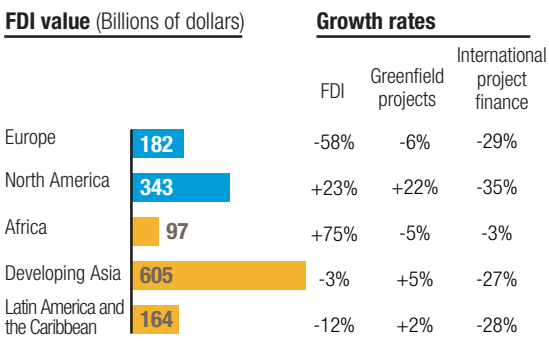
The international project finance slump is hurting financing for development efforts

The prolonged contraction in IPF has significant implications for the Fourth International Conference on Financing for Development. Between 2021 and 2024, the value of IPF fell by more than 40 per cent. The downturn disproportionally affects LDCs, which rely more on international sources of finance.

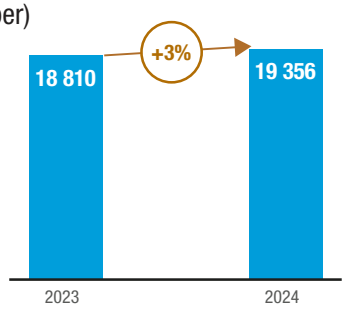
Income groups



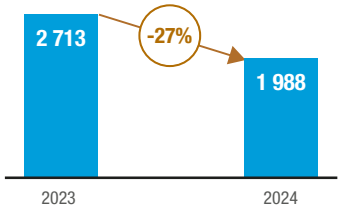
Regions



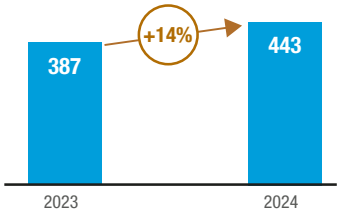
Greenfield projects
(Number)



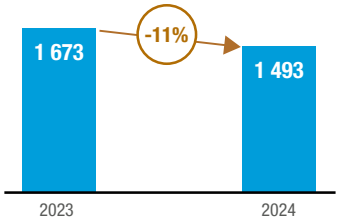
International project finance deals
(Number)



Cross-border M&As
(Value)



FDI
(Value)



Industries
(Project values)

- Infrastructure -14%
- GVC-intensive industries +1%
- Semiconductors +140%
- Digital economy +107%
- Extractives -51%

SDG sectors
(Developing economies, project values)

- Infrastructure -35%
- Renewable energy -31%
- Water, sanitation and hygiene -30%
- Agrifood systems -19%
- Health and education +25%

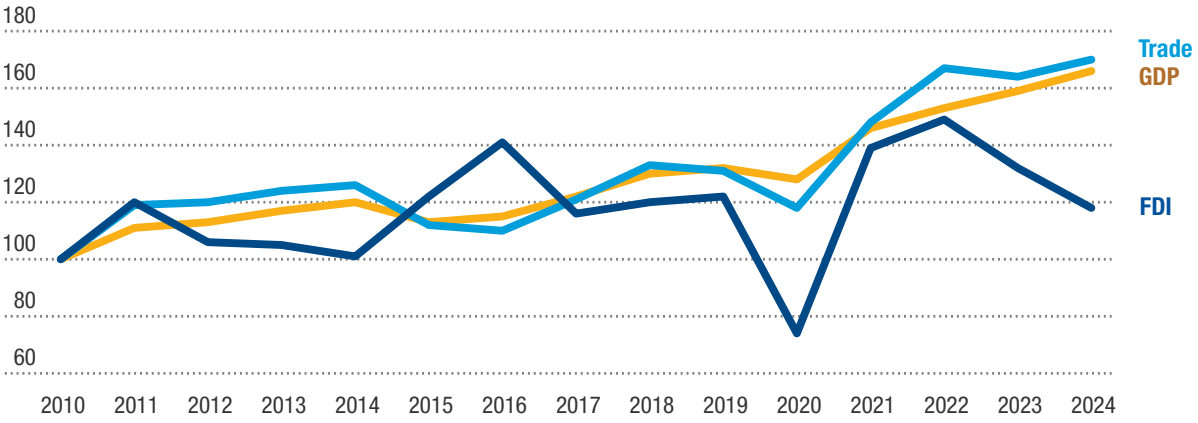
A. Foreign direct investment

Global foreign direct investment (FDI) flows, absent the financial flows to a handful of European conduit economies, continued to decline in 2024. The outlook for 2025 is increasingly pessimistic as early first-quarter data point to record lows in deals and announced projects, underscoring the fragility of global investment dynamics.

1. Global trends and prospects

Global FDI in 2024 increased marginally, by 4 per cent, from $1.45 trillion to $1.51 trillion. However, this headline figure masks significant underlying weaknesses. It was inflated by volatile financial flows through several European economies with high levels of conduit flows.[1] When these are excluded, global FDI flows in fact declined by 11 per cent on a like-for-like basis, from $1.67 trillion to $1.49 trillion – marking the second consecutive year of double-digit contraction and confirming persistent fragility in international investment flows. The decline in FDI flows is in stark contrast to other macroeconomic variables, including gross domestic product (GDP) and trade (figure I.1).

Figure I.1
FDI is losing pace with GDP and trade
FDI, GDP and trade indexed, 2010 = 100



Source: UNCTAD, based on IMF for GDP and trade.

Note: GDP at current prices, trade is value of goods and services exports.

Abbreviations: FDI, foreign direct investment; GDP, gross domestic product; IMF, International Monetary Fund.

[1] Several European economies, including Ireland, Luxembourg, the Netherlands and Switzerland, where FDI statistics are significantly affected by conduit financial flows, reported large fluctuations and negative numbers in 2023 and 2024. Fewer negative numbers in 2024 exerted a net positive effect on global flows of about $230 billion.

One of the sharpest declines in components of FDI (box I.1) was seen in international project finance (IPF) deals. This form of investment, which is critical for large-scale infrastructure projects – particularly in developing countries – fell by 26 per cent in value in 2024, following the steep drop in 2023. The downturn was driven largely by financing constraints, including uncertainty about exchange rates and interest rate levels. The impact has been especially severe in the least developed countries (LDCs), where IPF represents a relatively larger share of FDI.

Box I.1
Investment data used in this report

UNCTAD reports international investment trends based on foreign direct investment (FDI) statistics – stocks and flows, inward and outward – provided by Member States, as well as data on three types of investment projects:

- Cross-border mergers and acquisitions (M&As): Transactions that directly affect FDI flows.
- Greenfield projects: Announcement-based data that reflect investment intentions in the reporting year and signal directional FDI trends ahead. Greenfield projects mostly occur industrial sectors.
- International project finance (IPF) deals: Announcements of large-scale projects involving multiple investors and containing a significant debt component. These projects mostly occur in infrastructure sectors and are therefore especially relevant for investment in the Sustainable Development Goals.

The data on the three types of projects are treated separately and are used as complementary information to explain productive FDI trends. They are statistically distinct from FDI data based on the balance of payments. For example, greenfield project announcements include estimates for projected capital expenditures in the future, not actual financial flows in the reporting year. Likewise, only a part of IPF values translates into FDI (see also section I.D).

Project data are sourced from The Financial Times Ltd, fDi Markets (www.fDimarkets.com) for greenfield projects and from LSEG Data & Analytics for M&As and IPF. Full details on statistical methods and sources of data for each country can be found in the online-only methodological notes published with each *World Investment Report*.

Source: UNCTAD.

Greenfield project announcements showed mixed signals. The number of projects announced in industrial sectors increased slightly (by 3 per cent), but their value fell by 5 per cent. Nonetheless, at $1.3 trillion, the value of greenfield announcements remained at historically high levels – the second highest on record. Activity was strongest in supply chain–intensive manufacturing industries, with regions such as South-East Asia, Eastern Europe and Central America benefiting most. These trends reflect the continued effort by multinational enterprises (MNEs) to rebalance production locations amid a shifting global trade environment. Cross-border mergers and acquisitions (M&As), which predominantly affect FDI flows in developed countries, increased by 14 per cent in 2024 to reach $443 billion. Yet this recovery built on a low base and still leaves M&A activity well below the average of the past decade. In addition, there is a longer-term trend of declining shares of cross-border deals relative to total M&A activity, as firms increasingly opt for domestic and near-market acquisitions. This trend reflects growing sensitivity to geopolitical risks, regulatory hurdles and shifting industrial policies.

a. FDI inflows

Global FDI flows fell by 11 per cent in 2024, to $1.5 trillion; however, this figure conceals wide differences in performance across economies (figure I.2). Developed countries experienced a 22 per cent contraction, while flows to developing economies were stable. Much of the global decline was due to a 58 per cent fall in FDI to Europe. Other contributors were the decline of FDI to China, where inflows dropped by 29 per cent, and South America, where inflows declined by 18 per cent.

By contrast, several regions recorded growth. North America saw a 23 per cent increase in FDI, with inflows in the United States of America up 20 per cent, mostly driven by a doubling of M&A sales values and by large-scale investment in high-tech and clean energy sectors.

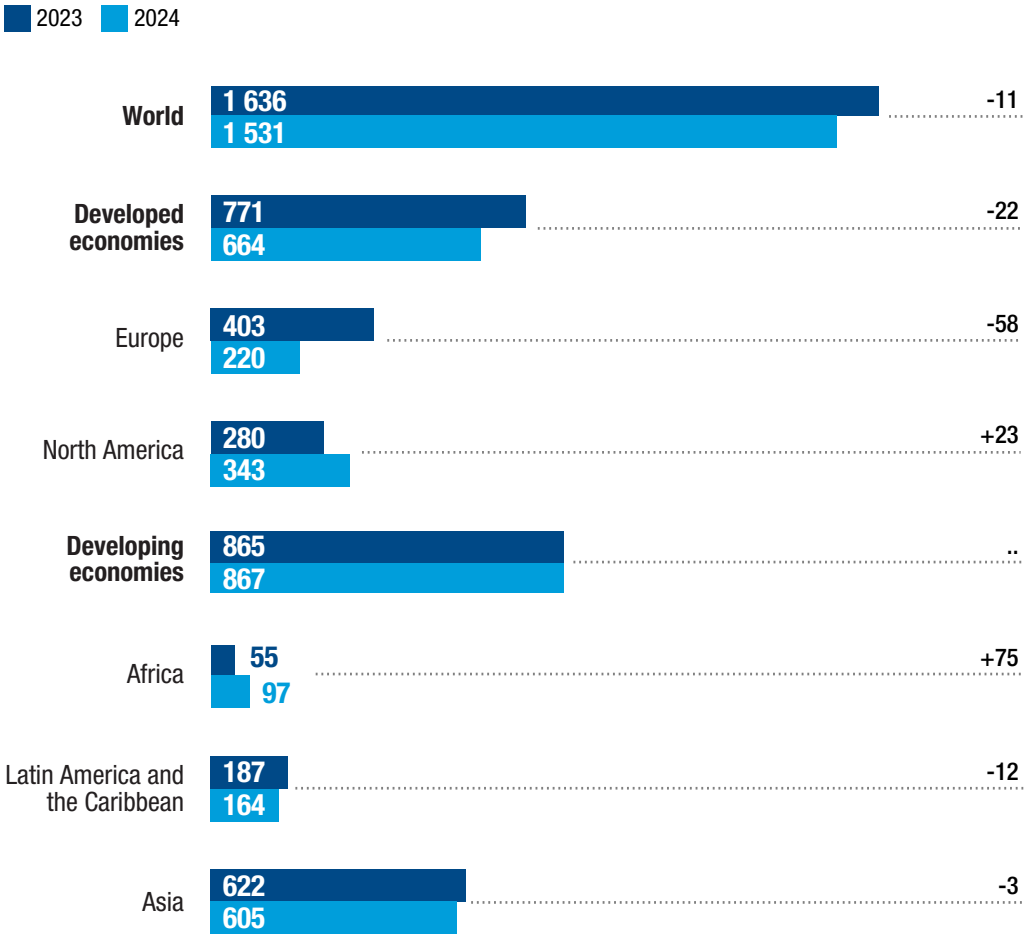
Among developing regions, ASEAN recorded a 10 per cent growth in inflows, Central America a 4 per cent growth and Africa 75 per cent. The increase in Africa led to a new record for FDI inflows to the region. The sharp rise was driven primarily by a single development megaproject in Egypt – valued at $35 billion; yet even excluding this project, the region still recorded a 12 per cent increase.

FDI to developing countries as a group remained stable at $867 billion, or 57 per cent of global FDI, despite tight financing conditions and growing geopolitical uncertainty. Developing Asia, the largest recipient region, saw only a slight decline of 3 per cent, with several major economies maintaining strong inflows, compensating the decline in China. Latin America and the Caribbean experienced a 12 per cent decline. The relative resilience of developing regions reflects ongoing investor interest in market-seeking and resource-based investment, and the growing role of South–South capital flows.

In terms of announced greenfield projects – a forward-looking indicator of investor sentiment – the global number of projects rose by 3 per cent in 2024, reaching more than 19,000. This was the third-highest level ever recorded. The value of these projects, however, declined by 5 per cent, suggesting a shift towards smaller projects or more cautious capital commitments. The increase in project numbers was driven by investment in manufacturing industries, especially in strategic sectors such as semiconductors and electric vehicle (EV) components, often supported by industrial policies. Digital economy sectors, including platforms and services (chapter IV), also saw strong growth.

Developed economies saw a 2 per cent increase in greenfield project numbers, led by investment in the United States and Canada, in that order. In developing regions, trends were more mixed.

Figure I.2
Foreign direct investment declined in several regions
Inflows by economic grouping and region
(Billions of dollars and percentage change)

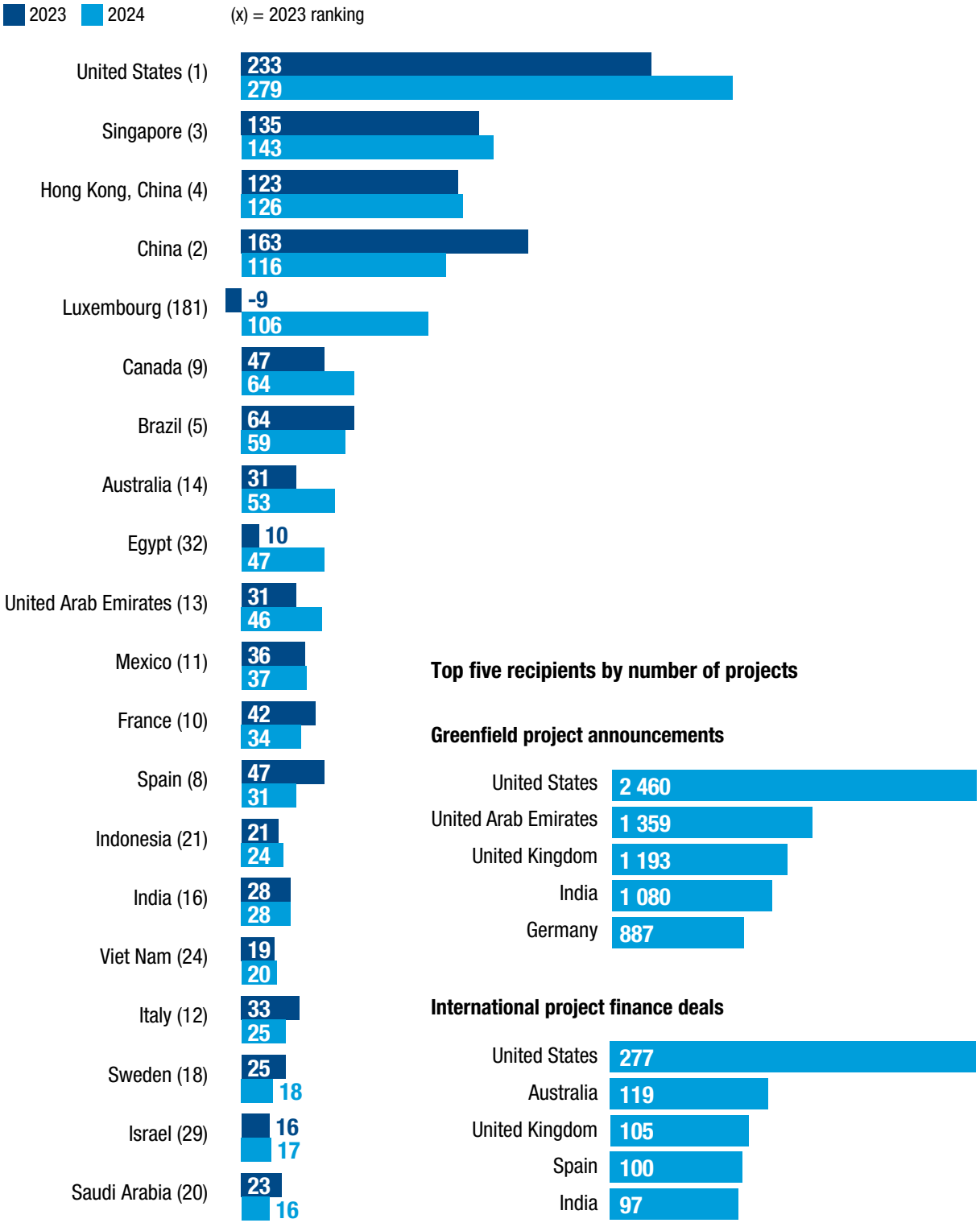


Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

In Asia, particularly East and South-East Asia, as well as India in South Asia, investors maintained strong project activity, as they did in Latin America and the Caribbean, while investment in Africa experienced a decline of 5 per cent.

Looking at the top investment destinations, the United States remained the recipient of the largest amount of FDI and led in both greenfield projects and IPF deals (figure I.3). Brazil, Egypt, the United Arab Emirates, Mexico, India, Indonesia and Viet Nam, in that order, also featured among the top FDI recipients. Greenfield project activity was particularly strong in India and the United Arab Emirates, while IPF remained more concentrated in a few mature markets and large emerging economies. The disparity between trends in greenfield projects and IPF deals underlines the divergence between industrial investment and infrastructure development dynamics in the current global environment.

Figure I.3
Inflows declined in most developing economies in the top 20 recipients
Foreign direct investment inflows, top 20 host economies
(Billions of dollars)



Source: UNCTAD and based on information from The Financial Times, fDi Markets (www.fDimarkets.com) and LSEG Data & Analytics.

Among structurally weak and vulnerable economies, trends were similarly mixed. FDI inflows to the LDCs increased by 9 per cent, reflecting a modest recovery from previous years. Small island developing States (SIDS) saw a stronger rise of 11 per cent, while landlocked developing countries (LLDCs) experienced a decline of 10 per cent. Despite these headline increases, in all three groups significant declines were recorded in the value of announced greenfield projects and in IPF activity. This suggests that although some capital is returning to these economies, largely in the form of reinvested earnings or smaller-scale investment, the outlook for large-scale and future-oriented projects remains weak.

These regional patterns reflect a growing fragmentation in global investment flows. Investment is increasingly shaped by geopolitical considerations, industrial policies and supply chain realignment. While some regions and sectors continue to attract significant capital, others face tightening constraints.

b. FDI outflows

In 2024, FDI outflows from developed countries increased by 8 per cent, reaching $1.1 trillion. As with inflows, outflows were significantly influenced by corporate restructuring activities and intrafirm financial flows in Europe. Several major conduit economies recorded substantial increases in outflows.[2] However, when these countries are excluded, FDI outflows from developed countries declined by 24 per cent.

The decline occurred despite an increase in the value of cross-border M&As, normally a key driver of FDI outflows from developed economies. The value of transactions rose by 26 per cent, largely due to major deals involving MNEs from the United Kingdom of Great Britain and Northern Ireland.

Announced greenfield projects by investors from developed countries remained stable across both Europe and North America.

The United States remained the largest home country of FDI outflows despite a 26 per cent decline. Cross-border M&As by United States–based investors held steady at $118 billion, still about 30 per cent below the five-year average. Their overseas asset purchases were heavily concentrated in the information and communication sector, which accounted for half of all cross-border M&A deals and announced greenfield projects in 2024. Companies from the United States allocated more than 60 per cent of the total value of their greenfield projects to domestic (interstate) investment – the highest share ever recorded. This increased domestic focus reflected a relatively strong economy, policy measures aimed at encouraging investment at home and stricter controls on outbound investment (chapter II).

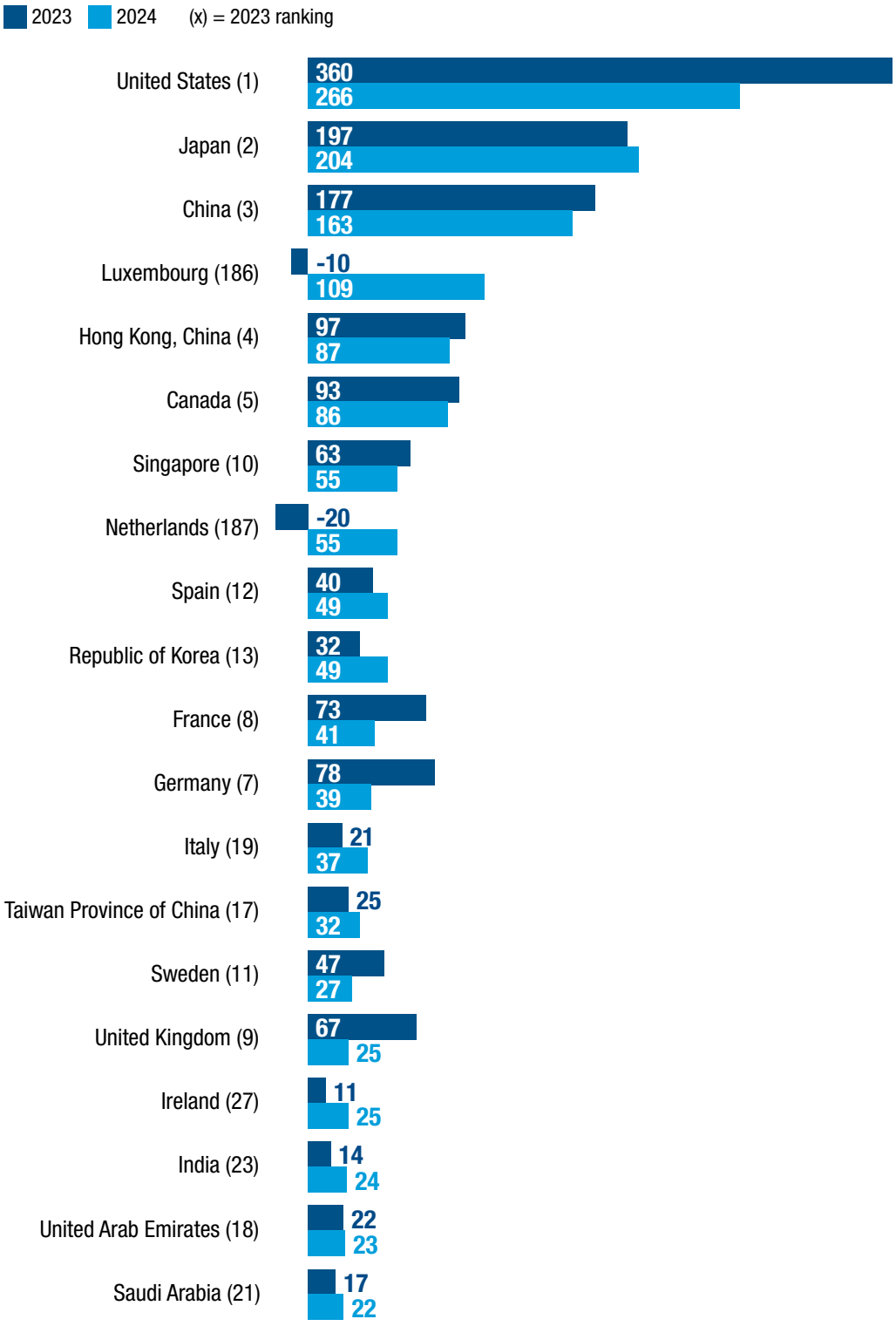
FDI outflows from companies in Japan rose by 4 per cent, driven primarily by a 27 per cent increase in investment in the United States. Outward FDI from investors in Europe (excluding conduit jurisdictions) declined by nearly 30 per cent, with sharp decreases from major investor home countries such as France and Germany (figure I.4), where cross-border M&A activity dropped significantly.

Among other home countries of major investors, seven were in developing Asia. Notably, India and Saudi Arabia rose in the rankings compared with the previous year. The number of greenfield projects announced by Indian investors increased by 20 per cent, placing India among the world's top 10 investor countries. FDI outflows from investors in the United Arab Emirates also rose by 5 per cent, supported by a 46 per cent surge in the value of cross-border acquisitions.

[2] The Netherlands and Luxembourg alone reported a combined net increase in outward FDI flows of $380 billion (from -$217 billion to $163 billion), or almost a quarter of global FDI flows.

Figure I.4
Seven economies in Asia are among the top 20 home economies of outflows

Foreign direct investment outflows, top 20 home economies,
(Billions of dollars)



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

FDI outflows from MNEs in developing economies declined by 5 per cent, totaling $491 billion. The drop was particularly pronounced in Latin America and the Caribbean, where outflows fell by 33 per cent, largely due to a halving of investment by Brazilian investors. In Asia, FDI outflows decreased slightly, by 3 per cent, yet the region still accounted for 28 per cent of global FDI outflows.

FDI outflows from MNEs in China declined by 8 per cent in 2024, falling to $163 billion. The value of announced greenfield projects dropped sharply, to $86 billion – half the level recorded in 2023, which had seen a significant surge. However, the number of greenfield projects announced by Chinese MNEs increased by 6 per cent, ranking China sixth globally. Notably, 70 per cent of these projects were focused on the manufacturing sector, particularly in the European Union and South-East Asia.

In early 2025, the number of greenfield projects announced by Chinese firms was below the quarterly average of 2023 and 2024, as investors appeared to be waiting for greater clarity on tariff policies.

c. FDI prospects

The outlook for global FDI in 2025 is negative. Although at the start of the year expectations were for modest growth, these have been overtaken by rising economic and policy uncertainty. The escalation of a new tariff war, along with deteriorating investor sentiment, has led to downward revisions in key FDI determinants: global GDP growth, capital formation, trade and exchange rate stability (table I.1). Financial market volatility has also increased. These trends contributed to a sharp drop in investment activity in early 2025, with first-quarter data showing record lows in both deal volumes and project announcements.

Table I.1
Key indicators for foreign direct investment prospects

Indicator	2024	2025 (January)	2025 (April)	Implications for FDI prospects in 2025
Gross domestic product growth (%)	3.3	3.2	2.8	Negative
Gross fixed capital formation (%)	3.7	3.7	3.1	Negative
Trade volume (%)	3.8	3.4	1.7	Negative
Inflation outlook (%)	5.8	4.2	4.3	Neutral
Foreign exchange volatility	7.5	8.7	9.4	Negative
Stock market volatility index	13.8	18.7	25.0	Negative
Commodity/energy price index	105.1	99.0	92.1	Negative
Purchasing managers' index	48.8	48.3	49.4	Neutral
Global economic policy uncertainty index	229.7	339.4	549.0	Negative

Sources: UNCTAD, based on International Monetary Fund for gross domestic product growth, gross fixed capital formation, trade and inflation outlook; World Bank for commodity/energy price index; and policyuncertanty.com for global economic policy uncertainty index.

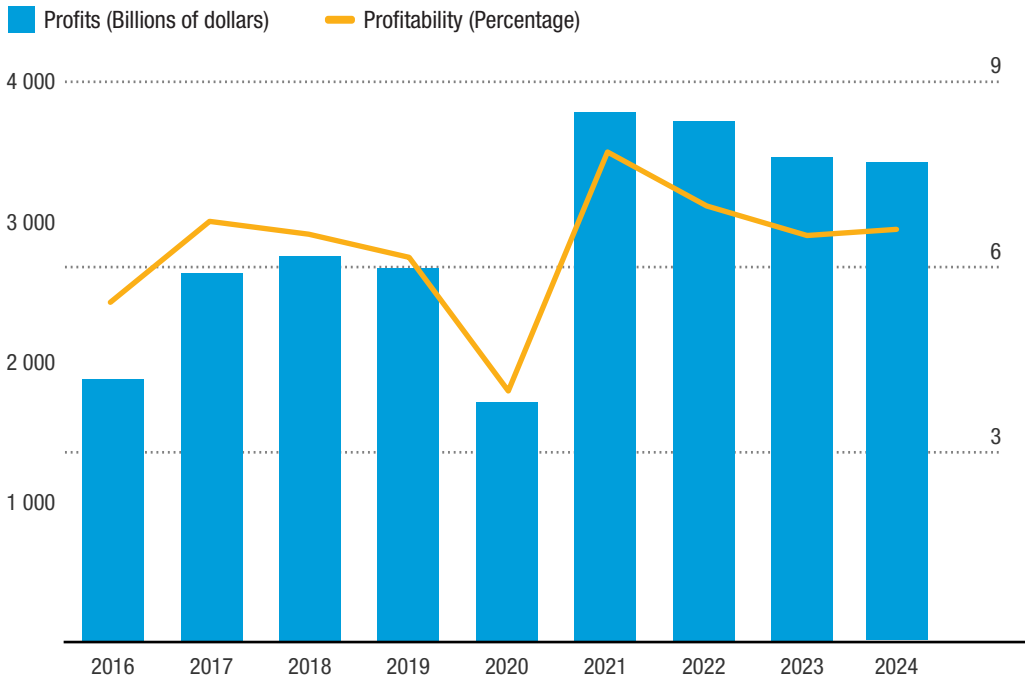
Notes: Purchasing managers' index is the average for China, the United States and the European Union. Trade is exports of goods and services. Foreign exchange rate volatility is the Deutsche Bank FX Volatility Index. The stock market volatility index is the Chicago Board Options Exchange Volatility Index.

Macroeconomic indicators are pointing to slower momentum. Forecasts for global GDP growth have been revised downward since the beginning of the year. Projections for capital formation and trade – critical to value chain–driven investment – have also weakened. Persistent high debt levels in several countries, coupled with political instability and fluctuating exchange rates, are reducing the attractiveness of FDI across many regions. Investor confidence indicators such as the Purchasing Managers' Index have softened in key capital-exporting countries.

The M&A market has been particularly affected. Despite optimism in January for a continued recovery in dealmaking, activity dropped sharply in the first quarter of 2025, reaching the lowest levels since the global financial crisis. Importantly, even if global M&A rebounds later in 2025, this may not translate into an equivalent rise in cross-border transactions. Policy-driven fragmentation, growing regulatory scrutiny of foreign acquisitions and geopolitical factors are reshaping corporate acquisition strategies.

Nevertheless, there are some mitigating factors. The anticipated start of an interest rate–cutting cycle in major economies may ease borrowing conditions, which could help stabilize IPF and capital-intensive FDI. In addition, the profit levels of large multinational corporations remain strong (figure I.5), suggesting continued capacity for reinvestment. Reinvested earnings are an important and stable component of FDI flows, especially in times of uncertainty.

Figure I.5
The profits of the largest multinational enterprises remained high
Profitability and profit levels of MNEs



Source: UNCTAD, based on data from LSEG Data & Analytics.

Note: Covers 4,309 MNEs for which data were available for every year in the range. Profitability is calculated as the ratio of net income to total sales.

Abbreviation: MNE, multinational enterprise.

At the sectoral level, investment in the digital economy and technology continues to act as a growth engine. Sectors such as artificial intelligence (AI), cloud computing and cybersecurity have attracted substantial investment. Among the top 10 highest-value greenfield projects announced in 2024, 4 were in semiconductor manufacturing – 3 of them located in the United States. Data centre development is also expanding rapidly, driven by growing digital demand and strategic industrial policies.

Meanwhile, trade and investment policy developments are reshaping global FDI patterns (box I.2). The current tariff escalation is best understood not as a new phenomenon, but as an acceleration of an existing trend (UNCTAD, 2024a).

Over the past two years, global supply chain–intensive manufacturing FDI has already begun to shift in response to a series of overlapping disruptions. Last year's *World Investment Report* documented a 22 per cent increase in greenfield project announcements in manufacturing in 2023 – marking a break with over a decade of negative growth in the sector. This uptick was driven by MNE efforts to restructure supply chains following pandemic-induced disruptions, the temporary blockage of the Suez Canal, other global shipping bottlenecks and the growing political push to localize production in strategic sectors. In 2024, the number of greenfield announcements in manufacturing increased further by 5 per cent.

Box I.2
Global trade tensions and implications for FDI prospects

The escalation of global trade tensions over the past year — driven by reciprocal tariff measures, evolving trade negotiations and heightened economic policy uncertainty — has significantly reshaped the landscape for international investment. As of May 2025, the United States had implemented baseline reciprocal tariffs of 10 per cent on imports from 59 countries, effective from 9 April, with additional measures applied to China from 14 May. These actions are part of broader negotiations between the United States and its major trading partners, generating ripple effects across global economic and trade dynamics.

Recent analyses by international organizations, including the International Monetary Fund, UNCTAD and the World Trade Organization, emphasize that heightened trade tensions and the associated surge in policy uncertainty are likely to dampen global economic and trade growth, with substantial spillovers to global FDI flows. Firms are recalibrating cross-border investment strategies, seeking to navigate a more complex and uncertain operating environment.

At the firm level, the combination of economic and trade policy uncertainty has strong implications for the international investment decisions of multinational enterprises (MNEs). Uncertainty tends to depress firms' appetite for new cross-border projects, delay greenfield projects, and increase caution about M&As. In response, many firms are reconfiguring production systems to strengthen resilience, diversify geographic exposure, relocate manufacturing bases or increase localization — trends that are already reshaping global patterns of foreign direct investment (FDI).

The emerging tariff landscape, shaped by ongoing negotiations and evolving policy frameworks, is expected to drive further sectoral and geographic reallocation of FDI, particularly in manufacturing. Industries such as automotive, electronics, chemicals and renewable energy are undergoing intensified supply chain restructuring, as companies seek to balance market access, production costs and regulatory risks.

In addition, other United States policy initiatives – notably the America First Investment Policy, the Inflation Reduction Act and the CHIPS and Science Act – are amplifying the effects of global trade tensions on FDI. These initiatives – with elements echoed in the industrial policies adopted by the European Union and in other countries and regions – aim to stimulate domestic manufacturing, advanced technology production and critical supply chain reshoring, with far-reaching effects on global investment decisions.

Overall, the interplay between global trade tensions, national industrial policies and evolving supply chain strategies presents both risks and opportunities for FDI flows. While some developing and emerging economies may benefit from the diversification of production networks, the aggregate impact on global FDI is projected to remain negative in the near term, with risks of longer-term fragmentation of international investment patterns if tensions persist.

Source: UNCTAD.

The underlying drivers of a further wave of supply chain restructuring investment that may materialize in 2025 – risk diversification, security of supply and geopolitical alignment – are therefore largely the same as those that emerged earlier. What is new is the amplification of these drivers through an escalation in tariff measures. The result may be a more urgent reconfiguration of production networks, particularly in sectors vulnerable to trade policy shifts and reliant on just-in-time logistics. Industrial strategies aimed at building domestic production capacity in strategic sectors – such as critical minerals, advanced manufacturing and digital infrastructure – are influencing the destination and structure of new investment. Trade fragmentation is encouraging firms to invest in geopolitically aligned countries, accelerating regionalization trends and reducing cross-border exposure.

Regulatory developments will continue to affect investment flows. While the United States administration is advancing regulatory simplification and investor incentives, it is also intensifying foreign investment screening, particularly in defence- and technology-related sectors. The European Union and other advanced economies are following suit, contributing to a more complex FDI landscape for foreign investors (see chapter II).

Finally, new sources of private capital are playing an increasingly prominent role in shaping international investment. Private equity firms, with substantial reserves of undeployed capital, are particularly active in technology-related sectors and in emerging markets. Institutional investors – including sovereign wealth funds and public pension funds – are seeking stable, inflation-resilient assets such as infrastructure and digital connectivity (see chapter III). These actors are expected to have a growing influence on FDI flows, particularly in the context of global sustainability and resilience agendas.

2. Trends by project type and sector

a. Project types

FDI flows are typically associated with two main types of investment projects: greenfield projects and cross-border M&As. Each is driven by distinct factors and has different implications for development.

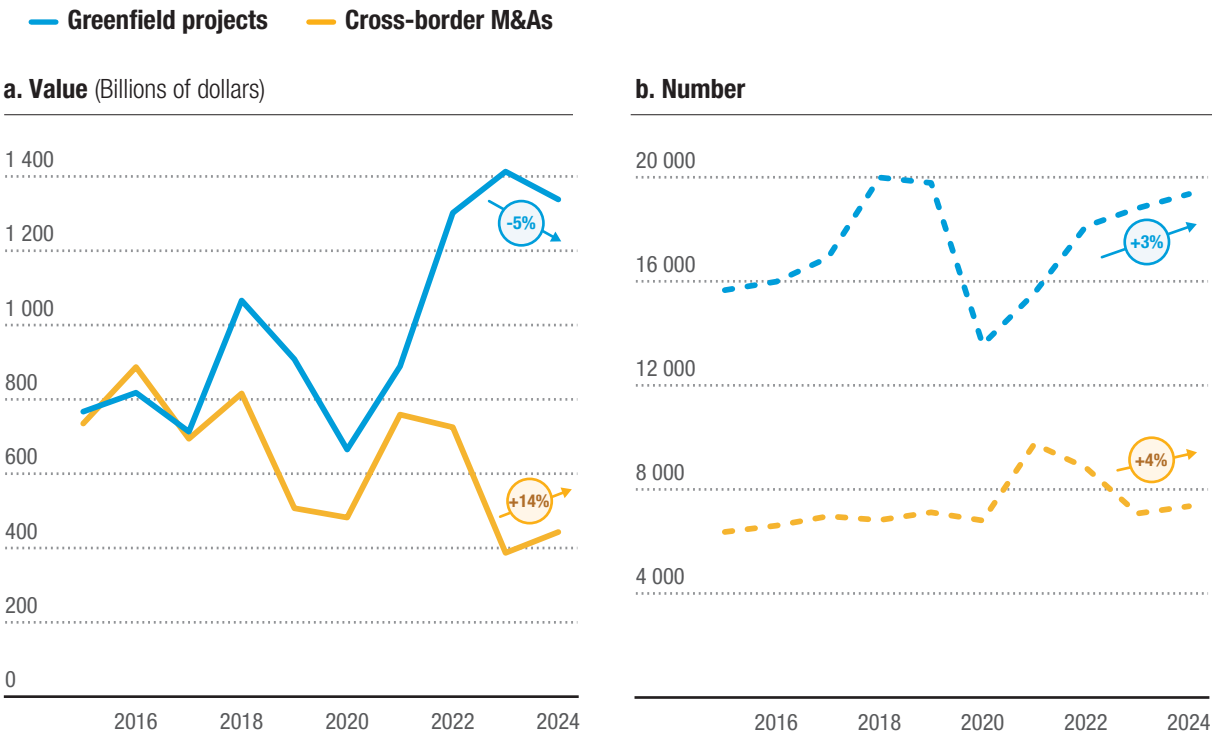
Greenfield projects involve the creation of new facilities and are most common in the industry and services sectors. These projects can have a significant development impact through productive capacity build-up, job creation, and technology and know-how dissemination.

Cross-border M&As involve ownership changes, such as acquisitions, divestitures and corporate restructurings. These projects typically have less direct development impact, as they do not immediately result in new capacity or infrastructure.

In recent years, trends in both project numbers and investment values have diverged sharply across these categories, reflecting their differing drivers (figure I.6).

Greenfield project announcements, which had been stagnant for over a decade – particularly in manufacturing – began to recover after the sharp decline in 2020. Following three years of consecutive growth, the value of announced greenfield projects remained elevated, despite a slight decline in 2024.

Figure I.6
Greenfield investment announcements remained high
Value and number of investment projects by type



Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com) and LSEG Data & Analytics.

Abbreviation: M&As, mergers and acquisitions.

This stability, although it is a departure from the long-term downward trend, masks important shifts in the sectoral and geographical patterns of investment, driven by trade and investment policy factors, supply chain restructuring needs and digitalization trends.

Cross-border M&As, often regarded as a bellwether of investor sentiment, have seen a gradual global decline in recent years. While they still represent a large share of FDI inflows in developed economies – particularly in the United States – their value remains subdued. Despite a modest uptick in 2024, overall M&A markets continue to be weak in 2025. Any near-term recovery is expected to be led by domestic transactions, with limited spillover into cross-border activity or FDI inflows.

It is important to note that M&As account for only a small proportion of FDI in developing countries, where greenfield projects and IPF are more dominant.

i. Greenfield projects

In 2024, the number of greenfield projects announced in industrial sectors increased by 3 per cent, although their value fell by 5 per cent. The total value remained high, at $1.3 trillion, the second-highest level on record (table I.2). The high aggregate value was mainly supported by an increase in announcements in the information and communication technology (ICT) sector – primarily driven by investment in data centres and data processing. Most other sectors recorded lower values. Announcements in manufacturing held steady after the increase in 2023, with supply chain–intensive industries remaining active. Over the past two years, MNEs in manufacturing have been anticipating the need for strategic rebalancing of production locations, with South-East Asia, Eastern Europe and Central America emerging as key beneficiaries.

Table I.2
Announced greenfield projects by sector and top industries

	Value (Billions of dollars)			Number		
Sector/industry	2023	2024	**Growth** (%)	2023	2024	**Growth** (%)
Total	**1 413**	**1 338**	**-5**	**18 810**	**19 356**	**3**
Primary	77	41	-48	155	158	2
Manufacturing	605	590	-3	7 670	8 028	5
Services	730	708	-3	10 985	11 170	2
Top 10 industries in value terms						
Energy and gas supply	381	273	-28	896	894	0
Information and communication	122	211	73	3 414	3 406	0
Electronics and electrical equipment	178	182	2	1 450	1 445	0
Construction	71	89	25	358	366	2
Automotive	91	85	-7	989	942	-5
Coke and refined petroleum	56	65	16	78	61	-22
Basic metal and metal products	70	59	-15	343	296	-14
Transportation and storage	66	55	-17	1 325	1 094	-17
Extractive industries	76	39	-48	122	122	0
Chemicals	56	38	-32	595	708	19

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

After a significant rise in greenfield projects in extractive industries in 2022 and 2023, projected capital expenditures in this sector almost halved in 2024 to $41 billion, returning to the average level of the past decade. This decline was partly driven by lower energy prices. Investments in energy and gas supply also fell by 28 per cent in value, largely due to significant decreases in renewables investment in the European Union, Asia and Africa. Fossil fuel processing and refining, by contrast, saw a 16 per cent increase, buoyed by the largest greenfield project announced in 2024 – a $30 billion liquefied natural gas plant in Argentina, jointly developed by Shell (United Kingdom) and YPF (Argentina).

The value and number of greenfield projects rose in developed economies but fell in developing countries, reversing the trend observed in 2023. The United States and India experienced significant growth in manufacturing projects, reaching record levels. In the United States, the increase in value was driven by major semiconductor and automotive projects. In India, semiconductor and basic metals projects contributed to the rise in manufacturing activity. Semiconductor projects were also announced in other countries, including Italy and Singapore.

Greenfield projects in the services sector declined by 3 per cent in value and rose by 2 per cent in number. As in energy and gas supply, project values also dropped in transport and storage (down 17 per cent) and basic metal and metal products (down 15 per cent). In contrast, project values in ICT nearly doubled, to more than $200 billion. The growth of the digital economy and the development of AI applications have accelerated investment in data infrastructure and semiconductor manufacturing, both of which were significantly represented among the largest greenfield projects announced. The latter has also benefited from industrial policies aimed at securing chip supply and expanding domestic production capacity.

ii. Cross-border mergers and acquisitions

In 2024, global M&A activity experienced a modest recovery, with total deal value (including domestic transactions) increasing by approximately 10 per cent year-on-year, reaching about $3 trillion. This growth was driven by several large-scale transactions, particularly in the technology, energy and financial sectors.

Despite the increase in deal value, the overall number of transactions remained below historical averages, reflecting a cautious approach among dealmakers amid persistent economic uncertainty and regulatory scrutiny. Elevated interest rates and inflation continued to influence financing conditions, leading to a preference for strategic, high-value deals over a larger volume of smaller transactions.

Private equity activity also rebounded, with deal value rising by one third in 2024. This increase was largely concentrated in the technology sector, where private equity accounted for nearly one third of global buyout value.

The growth in deal activity picked up in the latter half of 2024, with analysts anticipating continued recovery in 2025, driven by easing monetary policies, technological advancements and the strategic need for companies to adapt to shifting market dynamics. Instead, deal activity in the first quarter of 2025 slowed to levels not seen since the global financial crisis, with companies holding off in the face of trade and investment policy uncertainty and geopolitical and economic headwinds.

Cross-border M&A activity followed a similar pattern in 2024, with a 4 per cent increase in deal count and a 14 per cent rise in value (table I.3). Cross-border deals tend to be larger than domestic ones, which helped drive the increase in value. The growth was primarily fueled by deals in the ICT industry – traditionally the most active M&A segment, accounting for roughly three times more deals than any other – as well as in finance and insurance. Activity in supply chain–intensive industries such as electronics, machinery and basic metals also saw significant increases (albeit from a lower base), reflecting ongoing strategic efforts to reconfigure global supply chains.

Table I.3
Net cross-border M&A sales by sector and top industries

Sector/industry	Value (Billions of dollars) 2023	2024	Growth (%)	Number 2023	2024	Growth (%)
Total	**387**	**443**	**14**	**7 074**	**7 352**	**4**
Primary	37	20.0	-46	533	616	16
Manufacturing	141	140	-1	1 485	1 467	-1
Services	210	283	35	5 056	5 269	4
Top 10 industries in value terms						
Information and communication	69	114	65	1 499	1 517	1
Finance and insurance	14	41	181	585	633	8
Professional services	28	36	30	631	673	7
Pharmaceuticals	32	26	-17	136	116	-15
Utilities	17	25	50	244	225	-8
Electronics and electrical equipment	6	23	296	267	264	-1
Machinery and equipment	6	20	218	219	263	20
Extractive industries	34	18	-47	416	488	17
Basic metal and metal products	3	16	394	142	128	-10
Trade	18	15	-15	554	596	8

Source: UNCTAD, based on information from LSEG Data & Analytics.

b. Selected industries

Sectoral trends showed declining investment in infrastructure, renewable energy and critical minerals. Digital infrastructure was the exception, with an increase in project numbers. Overall, the digital sector – including platforms and services – experienced a doubling in project values. Greenfield project announcements in supply chain–intensive industries, including electronics, automotive, machinery and textiles, held steady, with several megaprojects announced again in the semiconductor industry.

iii. Infrastructure

In 2024, global FDI in infrastructure sectors – including utilities, transport and communications – remained weak, owing to its reliance on IPF, which saw a marked decline. IPF deal numbers and aggregate values dropped by one fifth, reflecting tight financing conditions, especially in developing economies. Investor risk aversion and rising borrowing costs significantly affected capital-intensive infrastructure projects.

Greenfield project activity held up better, with the number of announcements up 5 per cent, although projected capital expenditures decreased by the same percentage (table I.4). The number was propped up by strong growth in the telecommunications industry. Telecommunications infrastructure performed comparatively well, with notable rises in the value of both greenfield announcements and IPF deals. Greenfield project numbers rose more slowly and the number of IPF deals declined. This pattern reflects a concentration of capital in fewer, larger projects, particularly data centres and broadband networks, driven by the rapid digitalization of economies.

Table I.4
Investment projects in infrastructure
(Billions of dollars, number and percentage)

	Announced greenfield projects				International project finance deals			
	2022	2023	2024	Growth rate, 2023–2024	2022	2023	2024	Growth rate, 2023–2024
Infrastructure industries								
Value	**458**	**465**	**440**	**-5**	**797**	**768**	**622**	**-19**
Number of projects	**1 390**	**1 502**	**1 576**	**5**	**2 193**	**1 961**	**1 569**	**-20**
Power[a]								
Value	9	14	6	-54	145	93	86	-8
Number of projects	53	72	95	32	198	162	103	-36
Renewable energy								
Value	373	369	270	-27	439	452	348	-23
Number of projects	560	875	883	1	1 717	1 565	1 266	-19
Transport infrastructure								
Value					55	113	37	-67
Number of projects					120	99	82	-17
Telecommunication[b]								
Value	75	82	164	99	158	110	150	37
Number of projects	777	555	598	8	158	135	118	-13

Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com) and LSEG Data & Analytics.

Note: Transport services in greenfield projects are not classified as infrastructure industries.

[a] Excluding renewable energy.

[b] Including information services activities.

Renewable energy remained the largest recipient of investment in infrastructure, despite declines of about one quarter in both number and value. The industry saw substantial project announcements, with solar and wind energy continuing to dominate. In addition, investment in green hydrogen and related clean technologies gained momentum, accounting for an increasing share of renewable energy pledges. These trends underscore the role of energy transition imperatives in shaping infrastructure FDI.

Transport infrastructure investment, by contrast, slowed further, reflecting subdued trade growth and fiscal constraints in key investment destinations. Although public-private partnerships (PPPs) continued to support some large-scale logistics projects, the overall trend in transport infrastructure remains weak.

iv. Global value chain–intensive industries

FDI in global value chain (GVC)–intensive manufacturing industries held steady in 2024, after a significant increase in the previous year (table I.5). The number and aggregate value of greenfield project announcements in sectors such as electronics, automotive, machinery and textiles increased marginally, with shifts in geographical patterns reflecting a strategic realignment of global production networks. MNEs are continuing to diversify supply chains, with growing investment in South-East Asia, Eastern Europe and Central America.

Table I.5
Announced greenfield projects in global value chain–intensive industries
(Billions of dollars, number and percentage)

	2022	2023	2024	Growth rate, 2023–2024
Global value chain-intensive industries				
Value	**279**	**309**	**311**	**1**
Number of projects	**3 520**	**4 530**	**4 731**	**4**
Electronics and electrical equipment				
Value	192	178	182	2
Number of projects	1 201	1 450	1 445	0
Semiconductors				
Value	90	50	120	140
Number of projects	142	145	149	3
Automotive				
Value	60	91	85	-7
Number of projects	732	989	942	-5
Machinery and equipment				
Value	15	24	23	-3
Number of projects	759	1 014	1 121	11
Textile, clothing and leather				
Value	12	16	21	29
Number of projects	828	1 077	1 223	14

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

Semiconductor-related projects – already a significant part of global investment in the electronics industry in 2022 and 2023 in response to chip shortages – grew further in 2024. The number of announcements remained stable, but with 4 of the top 10 greenfield projects in 2024 occurring in the chips industry (of which 3 in the United States), aggregate values increased by 140 per cent to $120 billion, pushed up by policy-driven supply chain restructuring and booming demand for high-end chips as a result of AI innovations.

The automotive industry continued to attract large-scale greenfield projects, primarily driven by the transition to EVs, although overall project numbers and values declined slightly. New battery and EV assembly facilities were announced in the United States, India and several European countries, in that order. Government incentives linked to industrial policy have played a key role in supporting these trends.

The machinery and textile industries saw modest gains in investment. Both sectors are benefiting from demand linked to reindustrialization efforts and from regional production integration initiatives, although rising costs and trade tensions are shaping cautious investor sentiment.

v. Digital industries

Digital economy sectors remained among the most dynamic FDI segments in 2024 (table I.6). Project numbers in digital services, platforms and e-commerce rose by 17 per cent and aggregate values doubled. While many projects concern services or other less tangible activities, higher average values were driven by capital-intensive investment in digital infrastructure and data centres, paralleling

Table I.6
Announced greenfield projects in digital industries
(Billions of dollars, number and percentage)

	2022	2023	2024	Growth rate, 2023–2024
Digital industries				
Value	**44**	**37**	**77**	**107**
Number of projects	**469**	**286**	**334**	**17**
Digital content				
Value	1	0.07	3	4 128
Number of projects	33	8	22	175
Digital solutions				
Value	9	15	31	106
Number of projects	146	117	122	4
E-commerce				
Value	27	19	30	62
Number of projects	198	122	113	-7
Internet platforms				
Value	7	3	12	281
Number of projects	92	39	77	97

Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).
Note: For the classification of digital industries, see the *World Investment Report 2017* (UNCTAD, 2017).

the trend in the telecommunications industry, where greenfield announcements nearly doubled, driven by continued demand for data processing, cloud computing and AI infrastructure.

Investment was concentrated in data centres, fintech platforms, e-commerce logistics and specialized software services. Major technology firms expanded operations in both developed and emerging markets, targeting growing digital consumption and enterprise demand for automation. For example, in the digital solutions segment, Oracle (United States) announced plans to invest more than $6.5 billion to build multiple data centres in Malaysia in order to meet the growing demand for AI and cloud services in the country. Similarly, Microsoft (United States) revealed a $3 billion investment to enhance its cloud and AI infrastructure in India.

However, digital economy investment also encountered regulatory and operational headwinds. Data governance issues, digital taxation regimes and content restrictions in some jurisdictions prompted more cautious entry strategies. Despite this, the outlook remains positive, with digital infrastructure forming a cornerstone of national development and industrial strategies. In early 2025, for example, ByteDance (China) announced plans to invest $8.8 billion to develop data centres in Thailand over the next five years.

vi. Extractive sectors and critical minerals

After two strong years, in 2024 greenfield project activity in extractive industries slowed. The total value of new projects announced fell by nearly half, to about $40 billion, returning to its long-term average (table I.7). Lower energy prices and increased price volatility for critical minerals contributed to investor caution. However, demand for transition-related minerals such as lithium, cobalt and rare earth elements continued to support baseline levels of investment.

Several countries in Africa and in Latin America – such as the Democratic Republic of the Congo, Namibia and Zambia in Africa and Argentina, Chile and Peru in Latin America – remained key destinations for new exploration and mining projects.

Governments in both regions are also taking steps to increase local value addition and secure greater development benefits from mineral wealth, although investment risks remain elevated.

MNEs from China have been major investors in LDCs in mining and critical minerals for many years, building an important strategic advantage, yet investors from other major capital-exporting economies are also gaining ground, often with explicit support from their governments. For example, the United States is negotiating an agreement with the Democratic Republic of the Congo regarding access to its deposits of critical minerals in exchange for infrastructure investment and other support. Similarly, India has been securing access to copper deposits in Zambia.[3]

Table I.7
Investment projects in extractive industries and critical minerals by finance type
(Billions of dollars, number and percentage)

	Announced greenfield projects				International project finance deals			
	2022	2023	2024	Growth rate, 2023–2024	2022	2023	2024	Growth rate, 2023–2024
Extractive industries								
Value	**108**	**76**	**39**	**-48**	**185**	**145**	**69**	**-52**
Number of projects	**99**	**122**	**122**	**0**	**231**	**180**	**124**	**-31**
Oil and gas								
Value	91	37	21	-43	137	75	46	-39
Number of projects	60	50	63	26	133	111	81	-27
Mining								
Value	18	39	19	-52	47	70	23	-67
Number of projects	39	72	59	-18	98	69	43	-38
Critical minerals (including processing)								
Value	**31**	**57**	**21**	**-63**	**27**	**27**	**5**	**-81**
Number of projects	**61**	**117**	**67**	**-43**	**30**	**33**	**13**	**-61**

Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com) and LSEG Data & Analytics.

[3] Both initiatives are recent. See Mills A (2025), Exclusive: US pushes Congo, Rwanda for peace accord and billion-dollar mineral deals, Reuters, May 1, https://www.reuters.com/world/africa/us-pushing-congo-rwanda-peace-accord-accompanied-by-bilateral-minerals-deals-2025-05-01, and Zadeh J (2025), India's strategic investment in Zambian copper mining, Discovery Alert, April 5, https://discoveryalert.com.au/news/indias-strategic-copper-investment-zambia-2025/.

Trends in IPF for extractive industries mirrored greenfield trends in 2024, with a notable reduction in new large-scale initiatives. Financing constraints and environmental scrutiny have led to a more selective approach by sponsors and lenders. Several large mining and energy infrastructure projects in Africa and in Latin America have faced delays caused by environmental permitting issues and investor risk reassessments.

While investor appetite has moderated, long-term demand for critical minerals – linked to global decarbonization pathways – continues to underpin strategic interest in this sector. Public policy support and evolving trade frameworks may play a growing role in shaping future FDI flows in extractives.

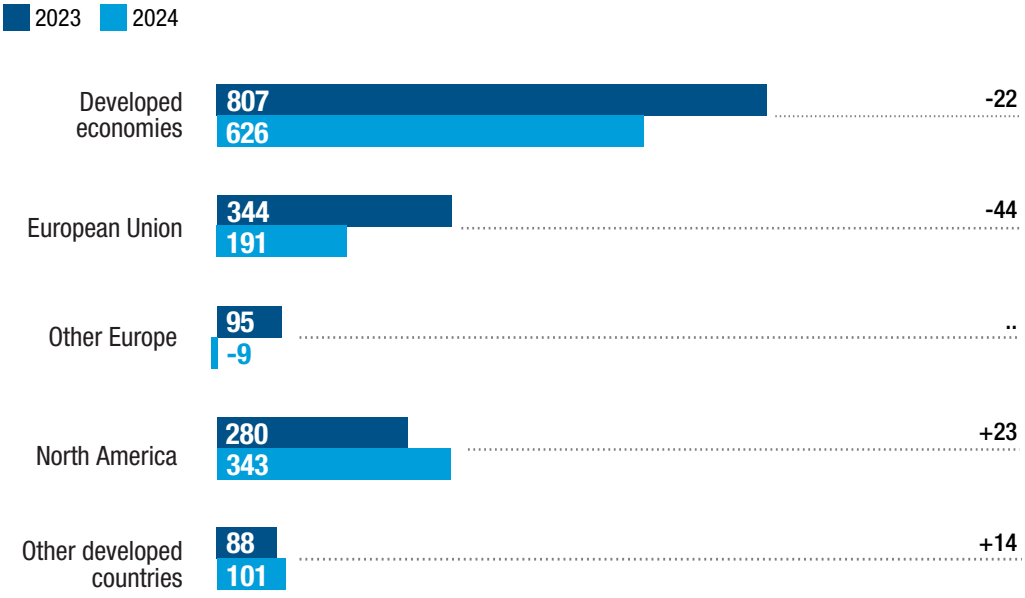
3. Trends by geography

a. Developed economies

In developed countries, the 2024 trend was again strongly affected by financial transactions and corporate reconfigurations driven by both supply chain restructuring and international tax reforms. FDI inflows to developed economies declined by 22 per cent in 2024, reflecting broader investor caution amid heightened economic uncertainty (figure I.7).

The fall was driven primarily by a 44 per cent drop in FDI to the European Union, where geopolitical tensions and financial market instability weighed on investor sentiment. Fifteen of the 27 member states recorded declining inflows, with significant contractions in the largest economies, with Germany 89 per cent lower, Spain 35 per cent, Italy 24 per cent and France 20 per cent.

Figure I.7
Developed economies: Sharply contrasting trends
Inflows by economic grouping
(Billions of dollars and percentage change)



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

In contrast, North America recorded a 23 per cent increase in FDI, with a 38 per cent jump in Canada and a 20 per cent rise in the United States. The number of large cross-border M&A deals (valued at more than $1 billion) in the United States rose from 38 in 2023 to 46 in 2024. Major transactions included Aon (Ireland) acquiring NFP (United States) for $14 billion and Novo Nordisk (Denmark) purchasing Catalent (United States) for $12 billion. These deals were complemented by strong greenfield activity, with a record number of projects announced. Investment was buoyed by robust consumer demand, government incentives and greater investor interest in strategic sectors such as semiconductors (supported by the CHIPS Act), renewable energy, aerospace and industrial equipment. However, IPF activity declined in line with the global slump, with the number and value of deals falling by 35 per cent and 4 per cent, respectively.

FDI flows to Canada reached $64 billion, driven by M&A activity and strong performance in the manufacturing and extractive sectors. United States investors accounted for nearly 60 per cent of total inflows. Notable deals included the $9 billion acquisition of Elk Valley Resources and a $5 billion investment in Nuvei. Divestments also occurred, such as the $10 billion acquisition of HSBC Canada by the Royal Bank of Canada. The number of announced greenfield projects rose by two thirds to a record 602, placing Canada seventh among global investment destinations. The strongest growth was recorded in machinery and equipment manufacturing, followed by ICT.

Beyond North America, FDI flows to several other developed economies also increased. Australia saw inflows reach $53 billion, a 75 per cent increase, supported by stronger M&A and greenfield activity. The largest M&A deal occurred in data centres, where two institutional investors, Blackstone (United States) and the Canada Pension Plan Investment Board, acquired Airtrunk (Australia), a provider of data processing and hosting services, for $16 billion. This was the second-largest global deal in 2024.

Overall, cross-border M&A activity in developed economies rose by 36 per cent, to $418 billion, led by a doubling of M&A sales in the United States. Major deals outside the United States included the $24 billion acquisition of Telecom Italia's fixed network, the $13 billion purchase of Viessmann Climate Solutions (Germany) and the $12 billion purchase of Adevinta (Norway).

The number of greenfield projects announced in developed economies increased by 2 per cent, with sharply contrasting trends between Europe and North America. Europe saw a decline of 6 per cent, including a 7 per cent drop within the European Union. North America recorded a 22 per cent increase. Greenfield projects in technology sectors are growing in importance, with a significant role for start-up companies, which are active in international investment projects from an early age (box I.2).

The overall value of announced greenfield projects in developed countries increased by 11 per cent due to higher average project values, which were driven by large-scale investment in semiconductors and other strategic sectors. The United States, the targe of three of the four largest semiconductor projects announced, recorded a 77 per cent increase in greenfield project value, to $245 billion. The United Kingdom also saw an increase in value terms by more than one third, despite a decline in project numbers.

IPF in developed economies continued to decline, by 29 per cent. North America experienced a 35 per cent drop. The downturn was widespread and affected most infrastructure sectors (apart from digital infrastructure), reflecting broader investor caution and tighter financial conditions.

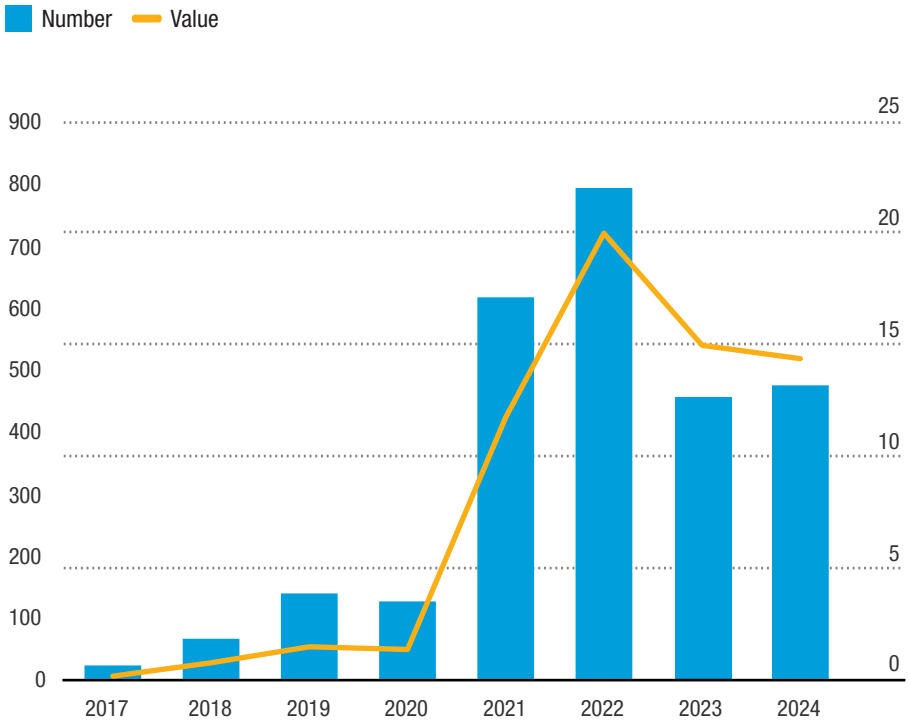
Box I.2
Investment projects by start-ups

Since 2020, increased funding for early-stage companies and start-ups has enabled a growing number of such firms to expand internationally. Between 2017 and 2024, start-ups announced an estimated 2,650 greenfield projects, with a combined value of $65 billion. These projects were highly concentrated in a few sectors: nearly 60 per cent were in software and IT services, followed at a distance by financial services (7 per cent), industrial equipment (5 per cent), and food and beverages (4 per cent). The technology sector as a whole accounted for more than 70 per cent of all projects.

The United States emerged as the leading destination for start-up-driven greenfield projects, attracting nearly one fifth of all such projects. It was followed by the United Kingdom, Germany, the United Arab Emirates and Spain. The international expansion strategies of tech start-ups typically focus on building out global sales and support operations to access foreign markets, while keeping core functions such as research and development and engineering in centralized locations, often in their home countries. This pattern reflects the digital nature of their business models and the concentration of technical talent in established innovation hubs.

Source: UNCTAD.

Box figure I.2.1
Announced greenfield projects by start-up companies
(Billions of dollars and number of projects)



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

b. Developing economies

In 2024, developing economies accounted for 57 per cent of global FDI inflows. Total FDI to developing countries remained stable at $867 billion, virtually unchanged from the previous year, reflecting a degree of resilience in the face of global uncertainty, tight financial conditions and weakening global trade. The flat growth in flows contrasts with the 22 per cent contraction in developed economies and underscores the continued importance of developing regions in the global investment landscape.

However, FDI inflows to developing countries remain highly concentrated. Ten major emerging markets accounted for approximately 75 per cent of total FDI received by the group. These include large economies such as China, Brazil, Mexico, Indonesia and India, in that order. This concentration underscores the challenges faced by smaller and more vulnerable developing economies in attracting significant international investment.

Greenfield project announcements in developing countries increased by 4 per cent in number but declined by 19 per cent in value in 2024. Despite relatively strong performance in some regions, such as ASEAN, and in individual economies in the rest of Asia and parts of Africa, the overall picture was subdued. IPF deals – critical for investment related to infrastructure and energy – fell even more sharply, by 23 per cent. This decline was driven by high debt levels, tighter financing conditions and growing investor caution, particularly in frontier and low-income markets.

Several factors shaped investment dynamics in developing countries in 2024. Global economic uncertainty and exchange rate volatility weighed on investor confidence. The growing complexity of industrial and trade policy in developed economies influenced investment patterns, especially in sectors sensitive to reshoring and near-shoring trends.

Meanwhile, the increasing role of South–South investment, the emergence of sovereign wealth funds from the Global South and selective industrial policy initiatives in larger emerging markets helped sustain capital inflows in certain economies. These dynamics contributed to divergent regional and national performance trends.

The trend analyses for developing regions and groups – Africa, developing Asia, Latin America and the Caribbean – presented in the following sections offer a longer-term perspective on sectoral greenfield activity patterns over the past decade. For each region, sectoral investment patterns during the past five years (2020–2024) are compared with those of the preceding five-year period (2015–2019). Across developing regions, the data reveal distinct sectoral dynamics shaped by persistent structural challenges and emerging opportunities for transformation.

Energy and gas supply consistently emerges as the leading sector across all developing regions, attracting the largest share of announced greenfield projects and showing robust growth. This reflects global momentum related to the energy transition, infrastructure modernization and rising demand – especially in underserved and rapidly urbanizing economies.

Extractive industries remain a key sector across all regions, although their relative importance varies. Africa and LDCs continue to rely heavily on extractives, while investment in the sector has contracted in Asia over the past decade. Despite these divergent trends, extractives persist as a long-term anchor, particularly in resource-rich countries. In many of these countries, continued dependence on primary extraction, with limited local value addition, raises concerns about overreliance and vulnerability to commodity cycles.

Several regions have made progress in industrial upgrading. Latin America stands out with rising investment in processing industries, as well as chemicals, machinery and electronics.

Developing Asia has also registered growth in high value added manufacturing, particularly in the electronics and automotive industries. In contrast, Africa and LDCs continue to experience stagnation in most manufacturing sectors, highlighting barriers to structural transformation.

The digital economy is the fastest-growing sector, particularly in developing Asia and in Latin America, where both numbers and value of investment projects have expanded sharply. Africa and LDCs are also seeing rising investment in digital economy sectors, albeit from a low base and often limited in scale as a result of persistent structural and regulatory barriers. Bridging the digital divide remains critical to inclusive development and achievement of the Sustainable Development Goals in education, innovation and economic inclusion.

Construction remains significant in absolute terms in Africa, reflecting large infrastructure gaps and urban development needs. Countries such as Egypt, South Africa and Angola, in that order, have attracted large capital-intensive projects, while Ghana, Kenya and Morocco have drawn mid-sized, high-impact developments. Elsewhere, including in Latin America, Asia and LLDCs, international investment in construction has declined.

Hospitality, traditionally central to SIDS and tourism-driven economies, has experienced sharp declines since 2020 because of the coronavirus 19 (COVID-19) pandemic. Investment in tourism infrastructure has contracted across all regions. The slow recovery highlights the vulnerability of the sector and the need for greater economic diversification.

Investment in transportation and storage shows mixed results, but LLDCs have recorded strong gains. This sector is critical for landlocked and geographically disadvantaged economies working to reduce trade costs and improve connectivity. In other regions, selective upticks were seen in this sector, connected to the boom in e-commerce logistics investment over the past five years.

Greenfield project activity in sectors related to the Sustainable Development Goals, such as education and health, remains low across all developing regions. Education attracts minimal FDI in developing countries, with negligible volumes in SIDS, LLDCs and LDCs. Health services also show weak performance, with notable declines, particularly in LDCs and SIDS. These patterns underscore the persistent gap between development needs and private sector engagement, reinforcing the urgency of stronger policy incentives, blended finance and investment facilitation to better align FDI flows with the Goals.

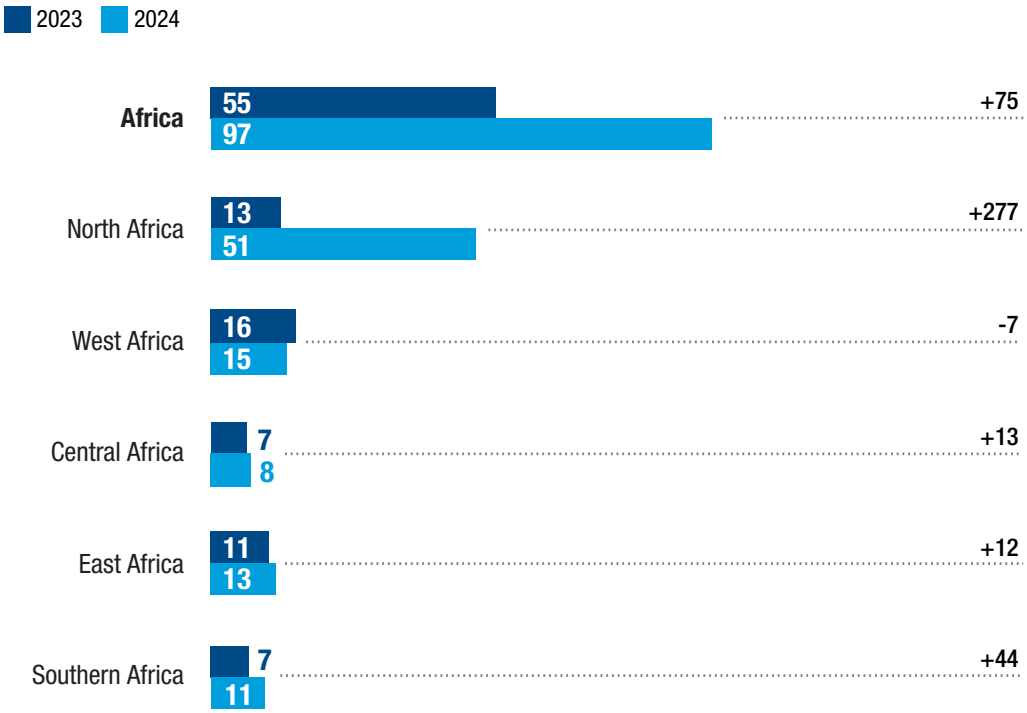
i. Africa

In 2024, Africa registered a remarkable rebound in FDI inflows, which increased by 75 per cent to reach $97 billion (figure I.8). This figure accounted for 6 per cent of global FDI inflows, up from 4 per cent the previous year, and 11 per cent of total FDI to developing economies, compared with just 6 per cent in 2023.

This exceptional growth was largely attributable to a single megaproject: the Ras El-Hekma urban development deal in Egypt.[4] Net of the increase in Egypt, FDI flows to Africa were still up 12 per cent, but they remained modest at about $62 billion, or 4 per cent of global FDI.

[4] The Ras El-Hekma Development Project in Egypt involves the construction of a hospital, hotel, school buildings, universities, residential districts, tourist resorts, public service facilities, and other leisure and entertainment venues in Ras El-Hekma City. The project is sponsored by Abu Dhabi Developmental Holding and the Government of Egypt. It is estimated to cost $35 billion. The Government will retain a 35 per cent stake.

Figure I.8
Foreign direct investment increased in most of Africa
Inflows by region and subregion
(Billions of dollars and percentage change)



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

The value of IPF deals increased by 15 per cent, driven by several large energy and transport infrastructure projects, particularly in Egypt, where IPF commitments more than doubled. Greenfield project activity declined. The number of announcements fell by 5 per cent, and the total value dropped by 37 per cent. Cross-border M&As, which in recent years have accounted for about 15 per cent of FDI inflows to Africa, turned negative in 2024. The region recorded net divestments of $1.5 billion, compared with $9.5 billion in net investment in 2023. This was mainly due to the $1.1 billion sale by Exxon Mobil (United States) of its onshore oil and gas assets to Seplat Energy (Nigeria).

FDI flows increased across most of Africa. North Africa emerged as the main growth engine. In addition to the strong growth in Egypt, FDI in Tunisia rose by 21 per cent to $936 million and FDI in Morocco increased by 55 per cent to $1.6 billion.

The value of greenfield projects announced in Africa fell to $113 billion, from $178 billion in 2023. Most countries registered a decrease in project numbers. Within the region, only North Africa registered growth, with greenfield project values increasing by 12 per cent to $76 billion, accounting for two thirds of total project capital expenditures on the continent. Egypt was the principal driver of this growth, recording a 30 per cent increase in greenfield project value, along with a 4 per cent rise in number. Tunisia also contributed significantly, with investment announcements worth $13 billion (from close to zero in 2023) and a significant rise in project numbers.

The largest year-on-year increases in greenfield project value by industry were recorded in construction (rising to $19 billion) and metal products (to $1.5 billion),

while the value of electricity and gas supply projects dropped by $51 billion compared with 2023. This decline alone accounts for most of the overall $66 billion decrease in greenfield project value.

Africa is attracting a growing share of global megaprojects, with seven valued at more than $4 billion. The largest greenfield announcement for any country in 2024 was the Ras El Hekma construction megaproject in Egypt. Total Energies (France) announced a $6 billion project in the extractive sector in Angola and another megaproject in renewable energy in Tunisia, also totaling $6 billion. Among the largest deals, three renewable energy projects – each valued at approximately $4 billion – were announced in Egypt, developed by Amm Power (Canada), Meridiam (France), SK Holdings (Republic of Korea) and Pash Global (United Kingdom).

Although the value of IPF deals in Africa increased as a result of the construction megaproject in Egypt, the number of projects was 3 per cent lower. Only the renewable energy industry recorded substantial growth in both the number and the value of projects. Africa registered seven major deals linked to the energy transition, with a combined estimated value of approximately $17 billion. Egypt emerged as the primary destination, hosting four of these projects, including a $3.8 billion undersea power transmission cable project, a $2.5 billion hybrid wind and solar power plant project, and a $2.2 billion onshore wind project. Other notable deals included green hydrogen projects in Egypt and Tunisia and two large wind and solar projects in Namibia. Morocco also attracted a green ammonia and synthetic fuel production project. Key investors originated from China, France, the United Arab Emirates and the United Kingdom.

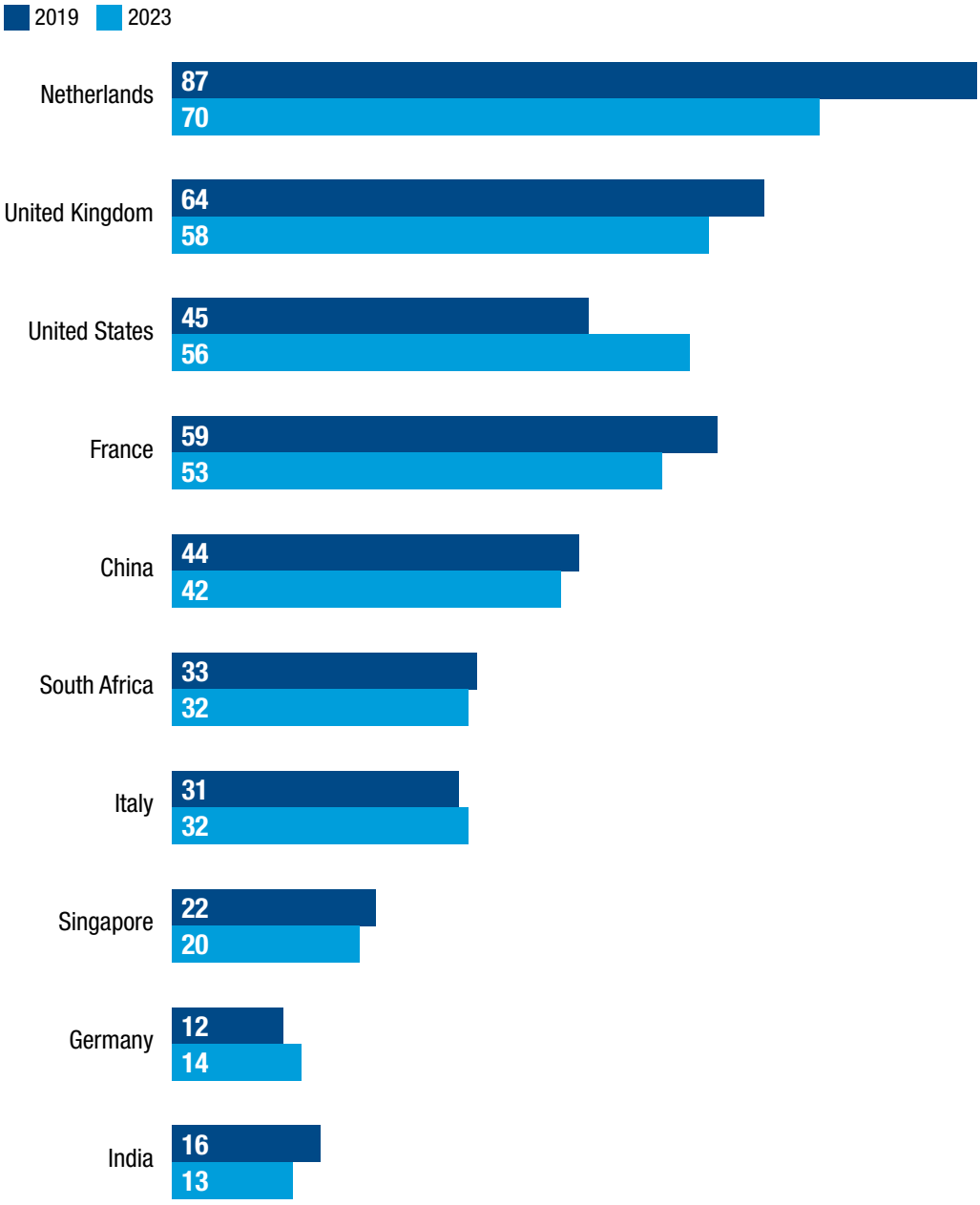
European investors remain the largest holders of FDI stock in Africa (figure I.9), occupying three of the top four spots. The large stock holdings registered to the Netherlands is in part due to indirect investment by ultimate owners elsewhere, especially in the United States. MNEs based in the United Kingdom concentrate in South Africa, Egypt, Nigeria and Ghana, in that order; nearly half of their FDI stock is in financial services. The stock of United States firms in Africa increased significantly as a result of new investment in various industries (including digital infrastructure), consolidation and expansion of operations (e.g. in energy industries) and revaluation of existing assets. FDI from firms in China, estimated at $42 billion, showed greater diversification beyond extractives, with rising investment in building materials, food processing, pharmaceuticals and motorcycle manufacturing. One third of all Belt and Road Initiative projects in Africa are now in social infrastructure sectors such as health, education, and water and sanitation, with a growing focus on renewable energy (UNCTAD, 2024b).

Looking at longer-term sectoral investment trends in Africa – comparing the most recent five-year period and the preceding one – shows that energy, construction and extractives continue to dominate greenfield project activity in the continent (figure I.10). These sectors not only maintained their lead in terms of share but also posted strong growth.

In 2024, the energy sector stood out as the top destination for greenfield activity. Projects more than tripled in value and saw a moderate increase in number, accounting for more than 20 per cent of total greenfield value and nearly 6 per cent of all projects, with an average size exceeding $1 billion. Although investment needs in energy security remain vast, the growth trend underscores the important role of FDI in improving energy supply across Africa and in supporting the gradual shift in Africa towards a more sustainable energy future.

In the construction sector, although the number of projects declined significantly, the total investment value increased by almost half. This points to a clear shift towards fewer but larger capital-intensive infrastructure projects.

Figure I.9
European enterprises remained the largest investors in Africa
Africa: Top 10 investor economies by FDI stock
(Billions of dollars)

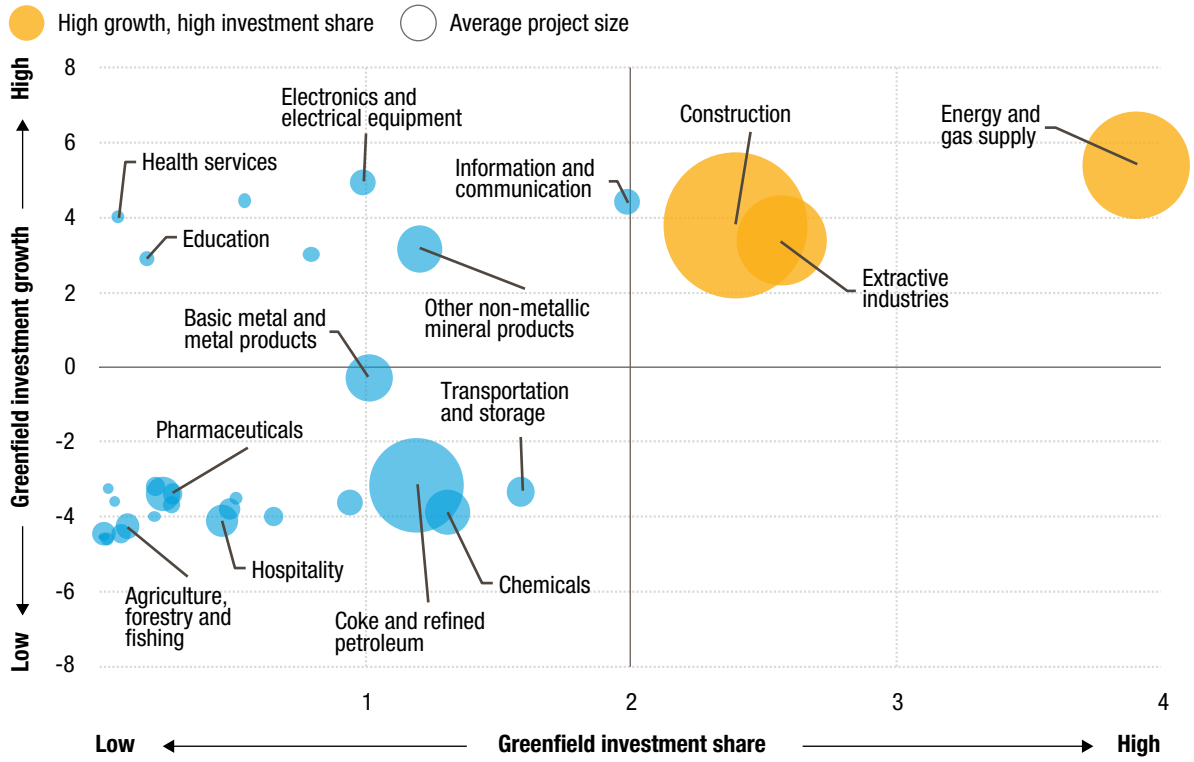


Source: UNCTAD, FDI/MNE database (https://unctad.org/fdistatistics).

Notes: Data represent direct bilateral investment relationships. Ultimate owners of investment holdings can be based in other home economies.

Abbreviation: FDI, foreign direct investment.

Figure I.10
Energy, construction and extractive industries were the leading sectors for greenfield investment in Africa
Industry share in greenfield projects, growth rate and average project size, 2020–2024



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

Notes: The x-axis represents each industry's share in total greenfield values. The y-axis shows the growth rate, calculated by comparing greenfield investment values in the periods 2020–2024 and 2015–2019, thus reflecting five-year growth performance. Bubble sizes denote the average project size during 2020–2024.

Construction represented nearly 10 per cent of total greenfield project value, with the highest average project size across all sectors at $1.8 billion. The United Arab Emirates led in capital inflows to this sector, with $49 billion in announced deals.

Extractive industries also recorded strong growth, with project numbers and total investment value rising by about one third. Although accounting for less than 2 per cent of all projects, extractives contributed about 13 per cent of total greenfield project value, with an average size of more than $700 million. These developments reflect, among other factors, the surging global demand for critical minerals found in Africa – including lithium, cobalt, and rare earth elements – that are key to the energy transition.

Investment in extractives was concentrated, coming from a handful of investor home countries. Investors from Singapore, France, Canada, the United Kingdom, and Italy, in that order, accounted for about 80 per cent of capital flows into the sector. On the recipient side, Guinea topped the list, securing $19 billion, primarily from two iron ore projects. The Democratic Republic of the Congo attracted $9 billion in copper and battery minerals projects, followed by Uganda (with $6.6 billion in projects), Angola ($6.1 billion) and Libya ($6 billion). These figures underline the importance of a few large-scale projects in shaping sectoral investment flows.

At the same time, the data reveal a structural shift within the energy and resources sectors in Africa. While investment in extractive industries for critical minerals and in renewable energy projects is growing, FDI in fossil fuel processing is in decline.

Although still modest in overall share (about 6 per cent), the digital economy has emerged as one of the fastest-growing sectors – expanding by more than three quarters in project value and by nearly one third in project numbers over the last five years.

Several GVC-intensive industries, such as electronics and electrical equipment, have seen growth in greenfield project activity, albeit from a small base. This suggests that global supply chain restructuring is opening new opportunities for some African economies to attract investment in manufacturing segments that traditionally have been less represented in the region.

In contrast, pharmaceutical FDI in Africa remains limited. Despite policy efforts in several countries to promote local production of medicines, the number and value of greenfield projects in this industry have not shown significant growth over the past five years. This underscores the continuing challenges of scaling up investment in health-related manufacturing on the continent.

The agriculture, forestry and fishing sector also saw a decline. Over the past five years, project numbers dropped by nearly half and their value fell by more than two thirds, to just 0.5 per cent of total greenfield activity. This sharp contraction stands in stark contrast to the sector's vital importance for food security and rural development, highlighting the need to better align investment flows with development priorities.

c. Developing Asia

FDI flows to developing Asia declined by 3 per cent in 2024, to $605 billion (figure I.11). Despite this modest drop, the region remained the recipient of the largest amount of FDI globally, attracting 70 per cent of total FDI to developing economies and 40 per cent of global inflows.

The overall decline was driven primarily by a fall in flows to East Asia, particularly China, where FDI flows dropped 29 per cent. Taiwan Province of China saw a substantial increase in inflows, largely from strategic investment shifts in advanced manufacturing and semiconductors.

South-East Asia continued to serve as an engine of FDI growth, with inflows up 10 per cent. Significant increases in flows to Indonesia, Malaysia, Singapore, Thailand and Viet Nam brought overall FDI flows in ASEAN to a new record of $225 billion.

FDI to South Asia was broadly stable. While flows to India experienced a small decline, it remained the dominant recipient in the subregion, accounting for the vast majority of inflows. Investment flows to Pakistan and Sri Lanka increased.

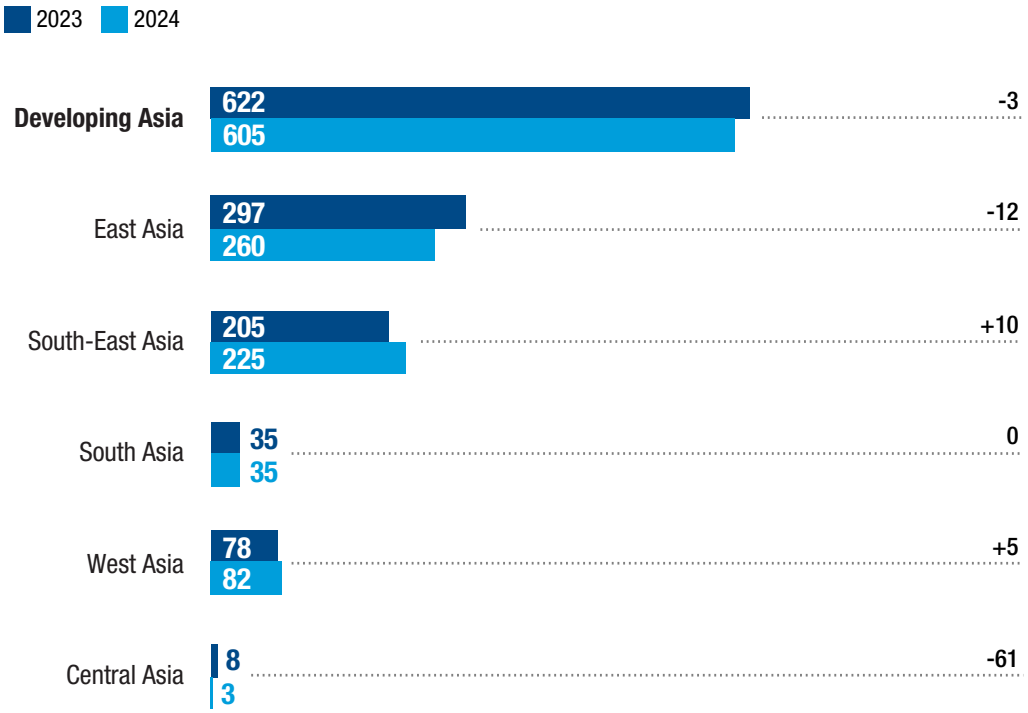
West Asia experienced a mixed performance. A strong rebound of flows in the United Arab Emirates helped lift subregional figures, even as flows to Saudi Arabia and other Gulf Cooperation Council countries declined.

Central Asia recorded the steepest relative decline. Kazakhstan, which typically receives the highest FDI inflows in the area, experienced a sharp reversal, contributing significantly to the regional downturn.

These contrasting trends underscore the diversity of FDI dynamics across Asia, shaped by shifts in GVCs, national investment climates and evolving geopolitical considerations.

Greenfield project announcements in developing Asia presented a mixed picture in 2024. While the number of projects increased by 5 per cent, the total value of announcements declined by 23 per cent, to $363 billion. The region continued to attract substantial investor interest, accounting for nearly a third of the global number of announced greenfield projects and over a quarter of their total value.

Figure I.11
South-East Asia showed significant growth in foreign direct investment
Inflows by region and subregion
(Billions of dollars and percentage change)



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

Sectoral shifts were notable. Announced values in the digital economy and metal production rose, reflecting growing interest in high-tech and advanced manufacturing. However, these gains were offset by sharp declines in electricity and gas supply and in petroleum processing projects, which together fell by more than $70 billion. These sectors accounted for most of the overall decline in greenfield values.

While project numbers increased in most regions, only a few countries saw a significant rise in the value of new project announcements. India stood out with projected capital expenditures up by more than a quarter to $110 billion, almost a third of the total in Asia. Several other economies showed positive momentum. Qatar saw a sixfold increase in project value and nearly doubled its project count. Azerbaijan, Bahrain and Türkiye also recorded higher levels of announced project activity, highlighting selective growth in the otherwise subdued regional picture for new project announcements.

IPF activity in developing Asia declined sharply in 2024. The number of deals fell by 27 per cent – broadly in line with the global average – but the total value dropped by a steeper 43 per cent. This disproportionate decline suggests that the global downturn in IPF deals is affecting emerging markets more severely, due to higher risk perceptions and elevated capital costs, with negative implications for investment in infrastructure and the energy transition.

The contraction was most pronounced in South-East Asia, where the value of IPF deals fell by more than 60 per cent. Major pullbacks occurred in Malaysia (87 per cent), Indonesia (66 per cent) and the Philippines (-61 per cent). Investment in South Asia also experienced a substantial decline, led by a sharp drop in India (-37 per cent).

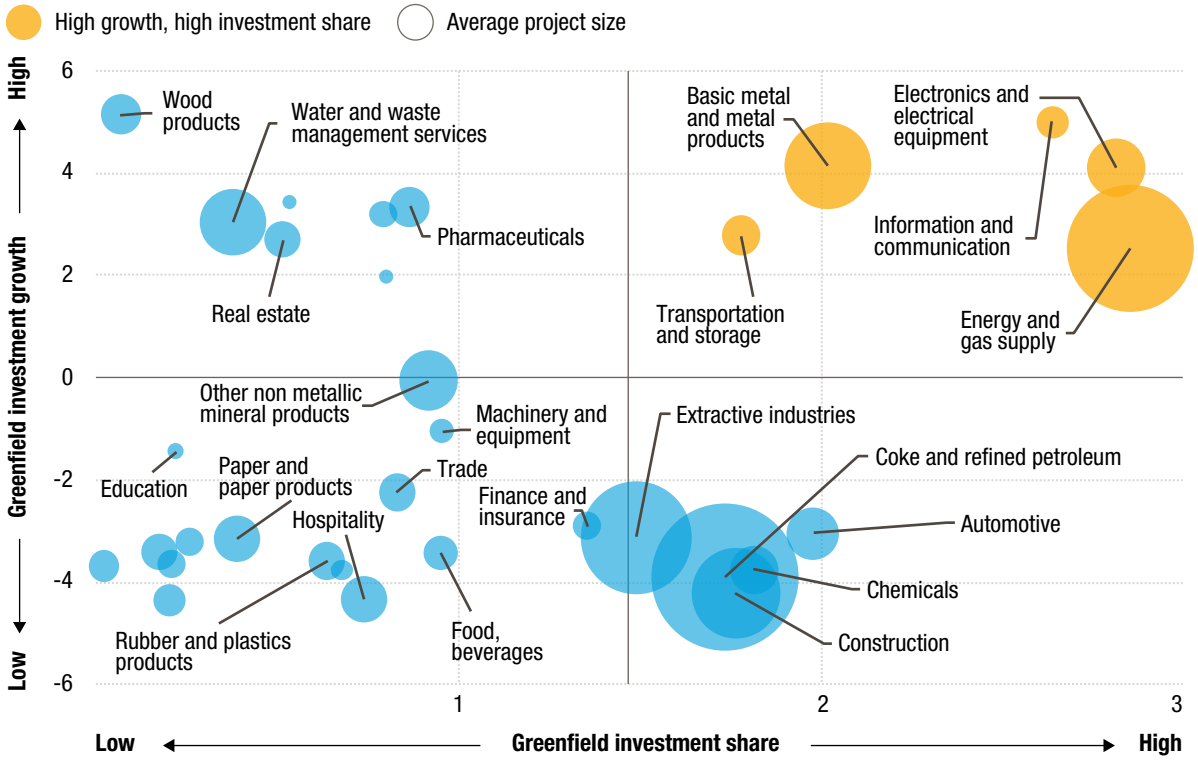
West Asia was the only subregion to show resilience, with IPF value increasing by 5 per cent to $78 billion. This was supported by sustained activity in infrastructure and energy projects, particularly in the United Arab Emirates, Saudi Arabia and Iraq, in that order.

Cross-border M&A activity in developing Asia declined sharply in 2024, with total net sales falling by 57 per cent – from $58 billion in 2023 to $25 billion. Despite occasional large transactions, cross-border M&A normally represents only a small fraction of both global deal volume and total FDI in the region.

The downturn was led by investors from China, where M&A sales dropped by 49 per cent. The United Arab Emirates and India, in that order, also contributed to the decline, primarily through divestments or sales of assets to local partners. For example, Walt Disney (United States) partially exited its operations in India through a $3 billion merger of Star India with Viacom 18 Media, creating a joint venture majority owned by Indian firms. Several pharmaceutical operations in India owned by international investors were also sold to local firms.

Looking at longer-term sectoral investment trends in developing Asia – comparing the most recent five-year period with the preceding one – reveals that manufacturing supply chains, renewable energy and the digital economy are the primary drivers of greenfield activity in the region (figure 1.12).

Figure I.12
Manufacturing supply chains, renewable energy, and the digital economy drove greenfield investment in developing Asia
Industry share in greenfield projects, growth rate and average project size, 2020–2024



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

Notes: The x-axis represents each industry's share in total greenfield values. The y-axis shows the growth rate, calculated by comparing greenfield investment values in the periods 2020–2024 and 2015–2019, thus reflecting five-year growth performance. Bubble sizes denote the average project size during 2020–2024.

Among these, the digital economy recorded the most substantial growth over the last decade, with a 146 per cent increase in project value and a 48 per cent rise in project numbers. This was propelled by strong inflows from the United States, followed by Singapore and China. United States MNEs alone invested almost $100 billion in digital economy activities in developing Asia during the last five years.

The digital economy now represents about 5 per cent of total greenfield project value and 16 per cent of project numbers – the highest by volume. Relatively small average project sizes indicate a vibrant ecosystem fuelled by start-ups, regional small and medium-sized enterprises, and multinational expansions. Key investment areas include data centres, telecommunications infrastructure, cloud computing and financial technology platforms. This growth is driven by rapid urbanization, high mobile Internet penetration and national digital economy strategies, positioning the region as a global hub for digital infrastructure and services.

Greenfield project activity in electronics and electrical equipment remained a cornerstone of capital inflows, increasing by 59 per cent in value and accounting for almost 10 per cent of all greenfield projects, underscoring its strategic role in regional supply chain diversification. This trend reflects rising global demand for semiconductors, EV components and automation technologies. Countries such as India, Malaysia and Viet Nam have enhanced their appeal as manufacturing hubs, bolstered by trade shifts and industrial policies. Increasing average project sizes implies larger, more integrated operations, signaling long-term confidence in the industry's productivity and export potential.

In the metal products industry, greenfield project value rose by more than 60 per cent, despite a 20 per cent decline in project numbers. With an average project size of $272 million, it remains one of the region's most capital-intensive sectors. Growth is driven by rising demand for steel and industrial metals, linked to renewable energy infrastructure, EV production and large-scale construction. India and Indonesia continue to attract major smelting, rolling and processing facilities. The data indicate a move towards fewer, but significantly larger and vertically integrated projects, aligning with global trends in resource security and supply chain localization.

Energy and gas supply retained its position as the top sector by project value, accounting for 14 per cent of the total. The sector shows the highest average project size at $584 million, with a prevalence of utility-scale developments, including solar farms, wind parks, liquefied natural gas terminals and power transmission infrastructure. The sector saw moderate growth in value (+12 per cent), driven by national energy transition plans in India, Indonesia and Viet Nam, supported by blended finance models and enabling policy frameworks. The trend towards fewer but larger projects highlights a maturing investment environment for renewable energy, where de-risking mechanisms and long-term power purchase agreements increasingly influence investor decisions.

The transportation and storage industry exhibited steady growth, with green investment value up by 15 per cent and project numbers increasing by 28 per cent. It accounted for 4 per cent of total investment value and almost 5 per cent of project numbers. This performance reflects ongoing efforts to modernize ports, expand warehousing and develop integrated logistics corridors. Investment momentum is fuelled by growing e-commerce, regional trade flows and PPPs. Initiatives such as the ASEAN connectivity programmes, Belt and Road Initiative–linked projects and the digitalization of freight and logistics have further spurred investor interest. The industry's expansion highlights its vital role in supporting efficient and resilient intraregional trade.

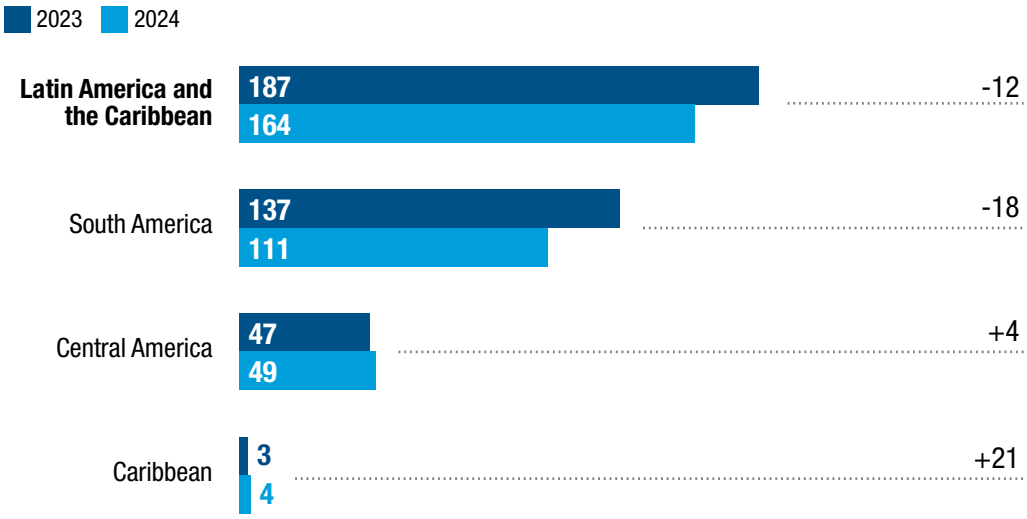
d. Latin America and the Caribbean

FDI flows to Latin America and the Caribbean declined by 12 per cent in 2024, to $164 billion (figure I.13). The region accounted for 19 per cent of total FDI to developing economies and 11 per cent of global inflows. The decline was most pronounced in South America, where FDI dropped by 18 per cent to $111 billion. The downturn was driven primarily by falls in flows to Argentina, Chile, Colombia and Brazil, in that order. Although inflows in Brazil were 8 per cent lower, the country remained the top recipient in the region by value at $59 billion, supported by continued investment in renewable energy. Guyana and Peru posted gains, with FDI inflows rising almost 20 per cent in Guyana (to $8.6 billion) and almost doubling in Peru (to $5.9 billion), largely reflecting interest in offshore oil development and mining, respectively. In Central America, FDI rose by 4 per cent to $49 billion, led by modest gains in Mexico, where inflows reached $37 billion (+1 per cent), driven by manufacturing and logistics. Panama and Nicaragua also recorded substantial growth. The Caribbean saw a 21 per cent increase in FDI, reaching $3.9 billion, supported by stable inflows into the Dominican Republic.

FDI associated with cross-border M&A activity in the region declined sharply in 2024, as net sales plummeted by 85 per cent, from $11.1 billion in 2023 to just $1.6 billion. This was mainly due to Iberdrola (Spain) selling a 55 per cent stake in its fossil fuel power generation subsidiaries in Mexico to Infrastructure Partners (Mexico) for $6.2 billion. In addition, Brazil – the only sizeable M&A market in the region – recorded a 37 per cent drop, with sales falling to $5.4 billion from $8.5 billion.

Greenfield project announcements in Latin America and the Caribbean increased in both value and volume, with project numbers up 2 per cent and projected capital expenditures rising 19 per cent.

Figure I.13
Foreign direct investment in Central America and the Caribbean held steady
Inflows by region and subregion
(Billions of dollars and percentage change)



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

The largest year-to-year increases in project value were in coke and refined petroleum projects (to $47 billion) and digital economy (to $18 billion), while project values for extractive industries and metal products dropped by $20 billion and $8 billion, respectively, compared with 2023. In South America, investment value grew by 17 per cent to $113 billion, driven largely by Brazil, which recorded a 33 per cent increase to $50 billion. This was supported by the announcement of a $5 billion packaging project by CMPC (Chile) and a major renewable energy investment by Fotowatio Renewable Ventures (Saudi Arabia). Argentina saw the highest increase in announcements, which tripled to $37 billion, largely due to a $30 billion energy investment by Shell (United Kingdom). Overall, greenfield projects in the region are expected to generate more than 300,000 jobs. Only about 10 per cent of these jobs are associated with megaprojects valued at more than $1 billion. In total, the region attracted 19 such megaprojects.

IPF deals in Latin America and the Caribbean declined in both number and value, by 28 per cent and 22 per cent, respectively, driven by decreases in the power, mining and industry sectors. South America experienced the largest decline, with IPF value falling to $80 billion (-22 per cent) and the deal count shrinking by 29 per cent – still, in line with global averages and less than in other developing regions. In Brazil, Peru and Argentina, in that order, deal flows were maintained but at lower values, while project announcements in Chile and Colombia deals contracted significantly. In Central America, the value of IPF deals dropped by 52 per cent to $7.4 billion. In contrast, the Caribbean stood out for its resilience, with the value of deals more than doubling, to $6 billion.

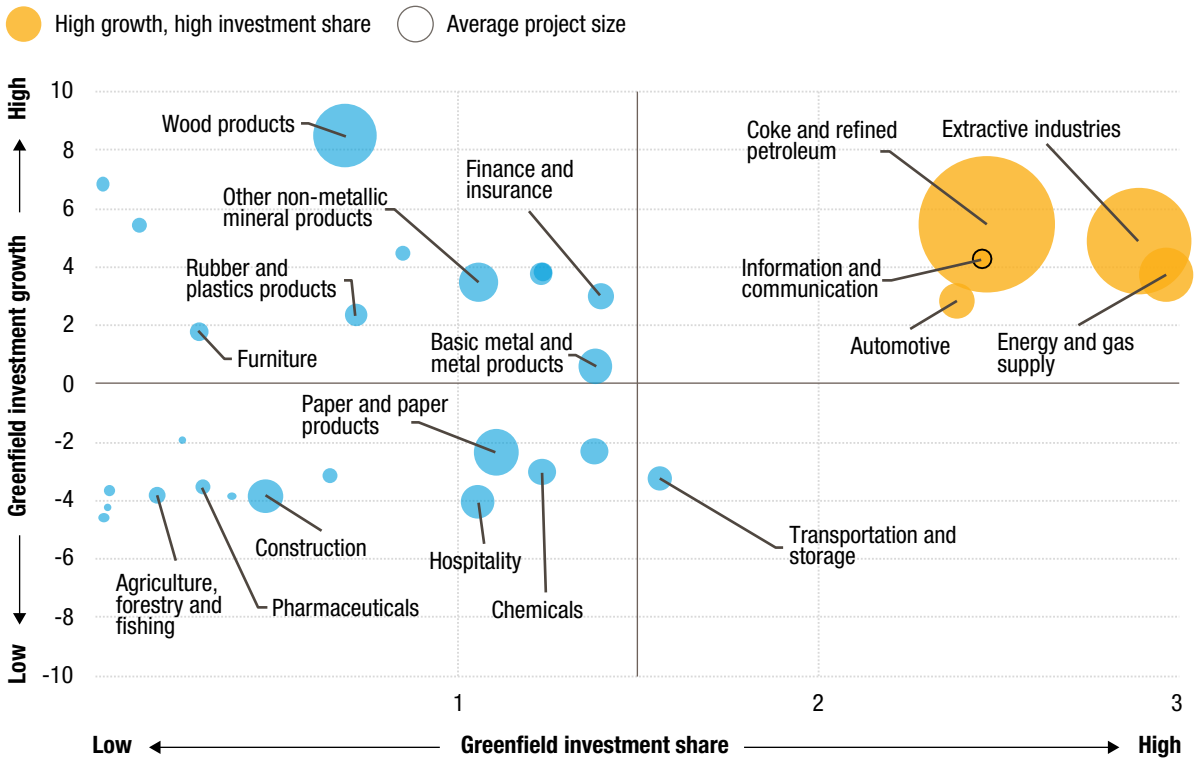
IPF was highly concentrated in a few key destination countries. Brazil attracted $26 billion in total investment across sectors such as hydrogen, biomass and solar energy.

Chile ranked second, receiving approximately $20 billion, with notable projects in offshore wind and water infrastructure. Peru followed with $18 billion, mostly in hydrogen-related investment. Uruguay secured $7 billion, primarily driven by large-scale green hydrogen and synthetic fuels projects, while Jamaica attracted $2 billion for infrastructure and renewable energy under a PPP.

International companies driving these projects included Verano Energy (Chile) for a green fuel plant in Peru, Al Khaleej Sugar (United Arab Emirates) for a biomethanol refinery in Brazil, Voltalia (France) and Phelan Green Energy (South Africa) for hydrogen projects in Brazil and Peru, respectively, and Rio Tinto (United Kingdom) for a lithium mining expansion in Argentina. Infrastructure investment was spearheaded by Yildirim Holding (Türkiye) at Acajutla Port in El Salvador and by the World Bank in a PPP infrastructure portfolio in Jamaica. Meanwhile, Tamarack Valley Energy (Canada) invested in a large solar-hydrogen complex in Mexico, and Abdul Latif Jameel (Saudi Arabia) and ETC Transmission Holding(Spain) undertook both water system expansion projects and battery storage in Chile. Across these projects, the dominant implementation model was build-own-operate.

Looking at longer-term sectoral trends in Latin America and the Caribbean – comparing the most recent five-year period of greenfield project activity with the previous one – reveals that clean energy, critical minerals, digital technology and automotive innovation have emerged as the principal drivers of investment in the region (figure I.14).

Figure I.14
Foreign direct investment in fossil fuel industries continued in parallel with that in clean energy and critical minerals
Industry share in greenfield projects, growth rate and average project size, 2020–2024



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

Notes: The x-axis represents each industry's share in total greenfield values. The y-axis shows the growth rate, calculated by comparing greenfield investment values in the periods 2020–2024 and 2015–2019, thus reflecting five-year growth performance. Bubble sizes denote the average project size during 2020–2024.

Over the past five years, clean energy established itself as the leading sector, growing by 41 per cent and accounting for 18 per cent of total greenfield activity, fueled by national renewable energy targets, feed-in tariffs and long-term power purchase agreements in countries such as Brazil, Chile and Colombia.

Investment in raw materials processing industries grew significantly, with the value of greenfield announcements in coke and refined petroleum products up by 235 per cent to almost $60 billion – more than triple its level in the previous period. It now represents more than 10 per cent of the region's total greenfield activity, making it one of the top four sectors.

The automotive industry continues to serve as a foundational component of the region's industrial economy, expanding by 16 per cent and capturing an 11 per cent share of total greenfield activity. This performance was supported by deeper integration into North American and European value chains, along with targeted policy incentives for EV production. Meanwhile, investment in the digital economy rose by 70 per cent, reaching $59 billion, spurred by growing demand for digital infrastructure, data centres and connectivity solutions.

Together, these four sectors – clean energy, coke and refined petroleum, automotive and digital technology – accounted for the majority of capital inflows into the region during the period under review.

Other sectors, such as finance and insurance, basic metals, and food and beverages, maintained stable investment levels, albeit with limited or negative growth. Finance and insurance grew by 19 per cent, reaching $16.8 billion. Investment in basic metals remained flat (up just 1 per cent, at $17 billion), while food and beverages contracted slightly (–9 per cent, to $17 billion as well). Despite these modest dynamics, the sectors continued to represent significant shares of total greenfield activity, underscoring enduring investor interest in financial services, core industrial inputs and food processing.

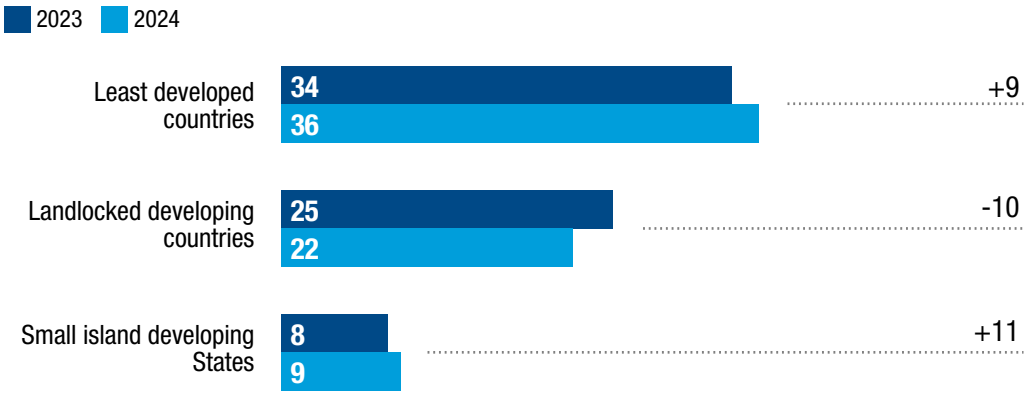
e. Structurally weak, vulnerable and small economies

The concentration of FDI flows in relatively few, mostly large emerging economies means that LDCs, non-resource-rich LLDCs and SIDS continue to attract only limited international investment. In 2024, FDI flows to LDCs and SIDS increased marginally, while those to LLDCs declined (figure I.15).

i. Least developed countries

In 2024, FDI flows to LDCs reached $37 billion. LDCs continued to attract only a small share of global FDI, approximately 2 per cent. The marginal increase was primarily concentrated in a few economies that benefited from large-scale energy, infrastructure or extractive projects. Among LDCs, the most notable gains were seen in Zambia, Mozambique, and Ethiopia, in that order. Zambia saw a significant increase from $0.1 billion to $1.2 billion, driven by renewed investor interest in copper mining and green industrial value chains. In Mozambique, FDI inflows rose from $2.5 billion to $3.6 billion, reflecting progress in energy-sector megaprojects. Inflows to Ethiopia rose by more than a fifth to $4 billion. Rwanda and Tanzania experienced respective increases of 14 per cent and 28 per cent, reflecting targeted investment facilitation and PPPs in infrastructure and services.

Figure I.15
Inflows increased in structurally weak, vulnerable and small economies
Inflows to least developed countries, landlocked developing countries and small island developing States
(Billions of dollars and percentage change)



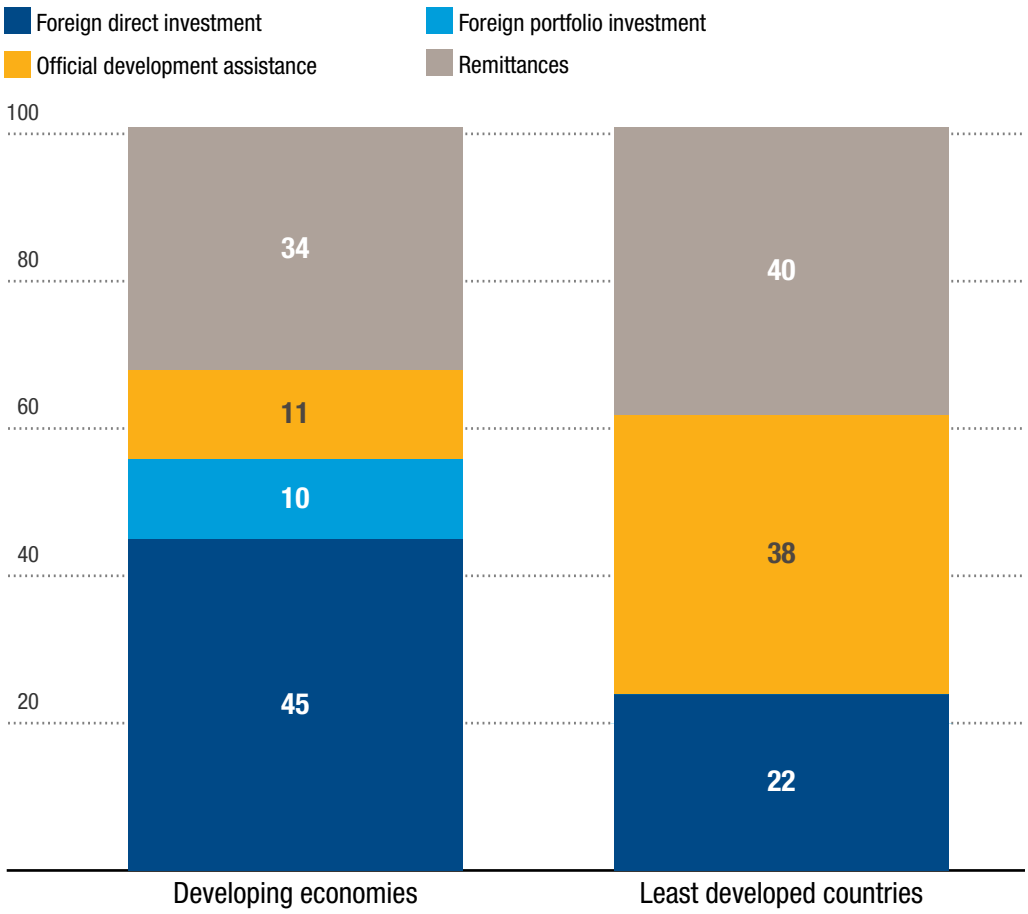
Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

FDI in Uganda rose by 10 per cent to $3.3 billion, supported by continued interest in oil development and transport corridors. Bangladesh saw a slight decline of 13 per cent to $1.3 billion, but this followed a strong performance in 2023 and maintained the country's position as a top LDC recipient.

While FDI remains the largest source of external financial flows for developing economies as a group, at 45 per cent of the total, in LDCs FDI accounts for a much smaller share of 24 per cent. Remittances and official development assistance together constitute 77 per cent of external financial flows to LDCs (figure I.16), highlighting their continued reliance on concessional finance and personal transfers. Although these sources are generally stable, they are less effective in fostering productive capacity or facilitating technology transfer.

Fewer greenfield projects were announced in LDCs in 2024, reversing the gains made in the previous year. Although the number of projects declined by only 5 per cent, their announced value fell sharply to $21 billion, down from $76 billion in 2023. This downturn was driven primarily by a steep decline in Africa, where investment fell by 76 per cent to $16 billion.

Figure I.16
Foreign direct investment remains a critical part of external financial resources for developing countries
Share of external financial flows by category, 2024
(Percentage)



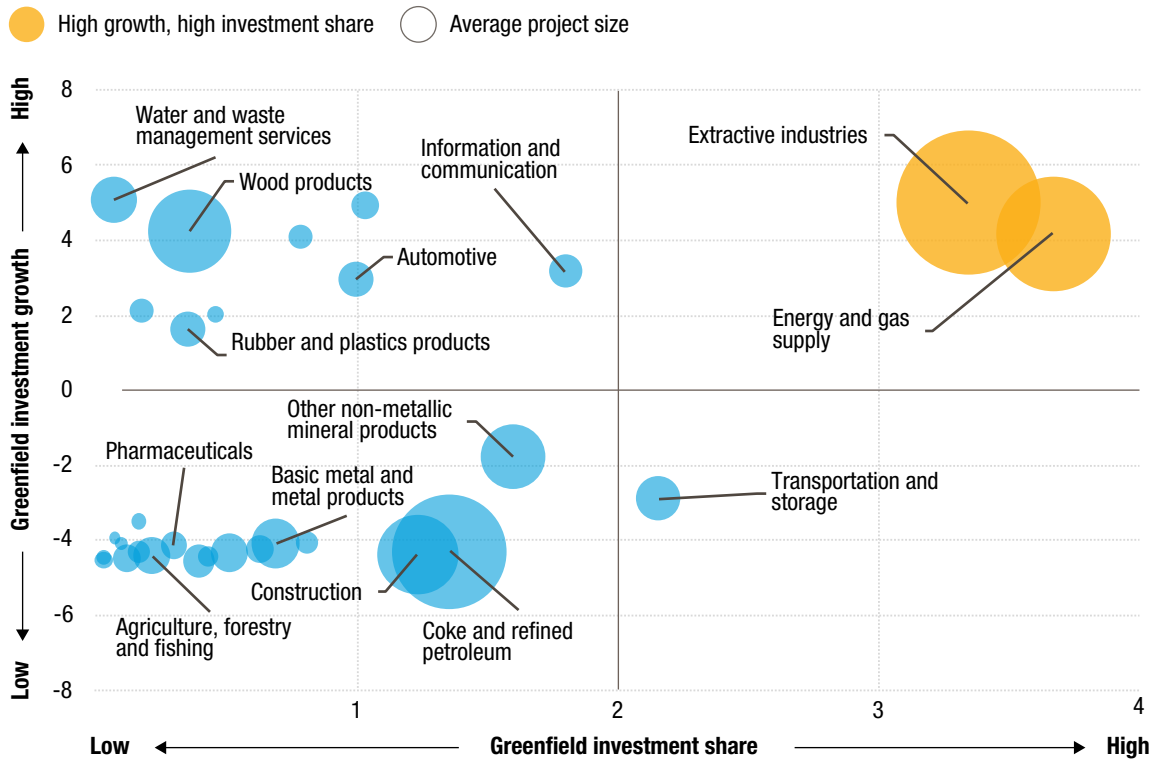
Source: UNCTAD FDI/MNE database (www.unctad.org/fdistatistics), IMF balance-of-payments statistics, World Bank KNOMAD (Global Knowledge Partnership on Migration and Development) database and OECD.

Angola emerged as an outlier, registering $8 billion in announced greenfield projects. This was driven mostly by a single project in the energy sector, valued at $6 billion, led by Total Energies (France). Togo and Senegal also recorded growth in announced project value. In Senegal projected greenfield capital expenditures rose to $1.5 billion, driven by a major port and logistics infrastructure project led by Dubai World (United Arab Emirates), valued at $1.2 billion – one of the most significant transportation investments in West Africa. In Togo project announcements grew to $316 million, driven by a digital economy project led by ST Digital (Cameroon), valued at $246 million.

Several traditionally strong LDC recipients saw steep declines in investment, including the Democratic Republic of the Congo, Uganda, Ethiopia and Zambia, in that order. These reversals reflected a broader investor retreat from higher-risk markets amid rising global financing costs and geopolitical uncertainty.

IPF flows to LDCs contracted sharply in 2024 in both value and number, declining by 74 and 41 per cent, respectively. This retrenchment reflects broader global trends, but the contraction in LDCs was significantly more pronounced than the global average. Despite the overall downturn, a few countries emerged as outliers, including Malawi, Rwanda and Zambia.

Figure I.17
Extractive industries and utilities remain the most important investment sectors in least developed countries
Industry share in greenfield projects, growth rate and average project size, 2020–2024



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

Note: The x-axis represents each industry's share in total greenfield values. The y-axis shows the growth rate, calculated by comparing greenfield investment values in the periods 2020–2024 and 2015–2019, thus reflecting five-year growth performance. Bubble sizes denote the average project size during 2020–2024.

FDI associated with cross-border M&A activity in the region, normally very low in value, rose sharply in 2024, with net sales increasing from $83 million in 2023 to $416 million. This was primarily driven by a single large transaction in which Delta Mining, a subsidiary of International Resources Holding (United Arab Emirates), acquired a 51 per cent stake in Mopani Copper Mines (Zambia) for $1.1 billion. The overall increase in M&A activity was partially offset by a major divestment – namely, an $830 million asset sale in Angola, where a unit of ETU Energias (Angola) acquired local assets owned by Galp Energia (Portugal).

An analysis of longer-term sectoral investment trends in LDCs – comparing greenfield activity during the past five years (2020–2024) with the previous five-year period – reveals a further concentration of capital allocation towards the energy and extractive industries (figure I.17). While the growth in extractive industries continues the long-standing dominance of FDI in natural resources – often criticized for limited linkages to inclusive development – it also increasingly reflects global demand for transition-critical minerals such as lithium, cobalt and rare earth elements. In this way, the extractives sector is becoming more closely tied to the global clean energy transition.

At the same time, the expansion of investment in the energy and gas supply sector represents a trend distinctly aligned with the Sustainable Development Goals. This growth is primarily driven by utility-scale projects in renewable energy generation, including solar, wind and hydropower, contributing directly to Goals related to energy access and sustainability. Together, these developments indicate that the energy transition is reshaping the FDI landscape in LDCs – albeit with varied implications for long-term development outcomes. Meanwhile, sectors that made up a larger share of FDI in LDCs before, such as construction and transport, have seen a significant decline in both value and numbers of projects, suggesting a reorientation of investor priorities in LDCs.

During 2020–2024, the energy and gas supply sector emerged as the leading destination for greenfield projects in LDCs, accounting for 22 per cent of total project value – a two-thirds increase over the preceding period. Although the number of projects grew only modestly (by 5 per cent), the substantial average size of more than $700 million underscores the sector's capital-intensive nature. This growth was largely fueled by continued interest in utility-scale solar, wind, hydropower and natural gas infrastructure, driven by both rising energy demand and the international push for clean energy access in underserved regions.

The extractive industries registered the fastest growth among all major sectors. Investment value increased by almost 150 per cent, raising the sector's share to 11 per cent of total greenfield activity in LDCs. Although the number of projects remained relatively low (42), this was offset by the highest average project size across all sectors – $1.1 billion per project. Growth was largely propelled by surging global demand for transition-critical minerals, including cobalt, lithium and rare earth elements, as well as traditional commodities such as gold, copper and oil. Countries such as Guinea, the Democratic Republic of Congo, Uganda and Angola, in that order, have become focal points for international investors because of their substantial geological reserves and strategic importance in the global clean energy supply chain.

The digital economy, while smaller in terms of project value, has emerged as a strategic sector in the LDC development landscape. Greenfield activity in the sector grew by 23 per cent in the recent period, reaching 4 per cent of total greenfield project activity. Notably, it attracted the highest number of projects – 152 in total – reflecting rising interest in connectivity infrastructure, cloud services, fintech platforms and digital inclusion initiatives. This trend is in line with broader efforts to bridge the digital divide and enhance productivity across sectors.

The construction sector, important for infrastructure development, housing and industrial real estate, retained a relatively large share of investment value (11 per cent) but experienced a dramatic downturn. Both the number of projects and total project values fell by 80 per cent compared with the prior five-year period. This contraction reflects tighter financial conditions, delayed public infrastructure programmes and shifting investor focus towards more scalable or higher-return sectors.

The logistics sector (transportation and storage) also recorded declines of close to 20 per cent. Despite this, it maintained a 9 per cent share of total greenfield activity, both by value and volume. While still significant in absolute terms, the contraction suggests a deceleration in investment momentum in both infrastructure and logistics services.

ii. Landlocked developing countries

FDI flows to LLDCs declined by 10 per cent in 2024, to $23 billion. This marked a reversal of the modest recovery recorded in the previous year. The decline was largely driven by sharp contractions in several of the larger LLDCs. In Kazakhstan, for instance, flows saw a significant reversal – from $3.7 billion to a net outflow of -$2.6 billion. The LLDCs' share of global FDI decreased from 1.7 per cent to 1.5 per cent.

Greenfield project announcements in LLDCs presented a mixed picture. While the number of projects increased by 5 per cent, their total value declined by 21 per cent to $42 billion. LLDCs accounted for just 7 per cent of the total greenfield project value in developing economies.

In 2024, despite the overall decline in value, five greenfield projects exceeding $1 billion were announced in LLDCs, with Kazakhstan attracting four of them, in sharp contrast with the reported negative FDI inflows. Among these was a $5.5 billion natural gas facility announced by UCC (Qatar). In addition, Fujian Hengwang (China) announced a $1.8 billion steel manufacturing project in the country.

IPF deals in LLDCs declined in both number (25 per cent) and value (40 per cent). The downturn was particularly severe in African LLDCs, where the value of total financing plummeted by 57 per cent to $3.8 billion.

An analysis of longer-term sectoral investment trends in LLDCs – comparing greenfield project activity during the past five years (2020–2024) with the previous five-year period – shows an increasing concentration of investment in the energy, transport and extractive sectors. Investors from China, through its Belt and Road Initiative, led energy and gas supply investment with more than $8 billion across 25 projects, followed by investors from the United Arab Emirates (nearly $8 billion, in 27 projects) and Saudi Arabia (more than $7 billion, in 15 projects). In the transport sector, investors from Qatar and France were the top contributors, with about $6 billion and nearly $4 billion, respectively.

The energy and gas supply sector remained the dominant destination for greenfield projects in LLDCs during 2020–2024, attracting almost $50 billion. This represented more than a doubling of investment in the previous period and accounted for nearly 30 per cent of total greenfield activity in LLDCs. Investment flows were heavily concentrated in a few key countries. Uzbekistan emerged as the top host, securing about $18 billion across more than 40 projects. Kazakhstan followed with about $5 billion, while Zimbabwe and Bhutan, in that order, also recorded strong inflows, each exceeding $3 billion. Other notable destinations included Azerbaijan, Nepal and North Macedonia, in that order, each receiving more than $1.5 billion in greenfield project value.

Greenfield activity in the digital economy sector also rose significantly, with a handful of LLDCs accounting for the bulk of activity. The leading recipients were Tajikistan, Paraguay, Uzbekistan, Ethiopia and Zambia. Tajikistan attracted more than $1.1 billion, followed by Paraguay with a

similar amount and Uzbekistan with nearly $900 million. This concentration reflects a combination of government-led digitalization strategies, regulatory reforms and growing domestic demand for digital services. In particular Uzbekistan and Ethiopia, in that order, have seen substantial interest from investors following reforms in their telecommunications sectors. Investors from the Russian Federation and the United States, in that order, were the top contributors to the LLDC digital economy, each investing about $2 billion. Other notable investors included those from the Netherlands, Mauritius, the United Kingdom, France, and Switzerland, in that order.

In the transport sector, greenfield projects were also concentrated in a few LLDCs. Kazakhstan attracted the largest share, with nearly $8 billion across 19 projects. Uganda followed with close to $4 billion in nine projects. Other recipients included Uzbekistan (more than $1 billion), as well as Azerbaijan, the Republic of Moldova and Rwanda, in that order. Most other LLDCs recorded minimal activity in this sector. Investors from Qatar and France were the top contributors, investing about $6 billion and $4 billion, respectively.

iii. Small island developing States

FDI flows to SIDS increased by 11 per cent in 2024, reaching $9 billion.[5] Yet, FDI distribution across SIDS remained uneven, with the Dominican Republic receiving nearly half of all inflows.

The number of announced greenfield projects in SIDS declined. Mauritius recorded a two-thirds decrease in both value and project count. The Caribbean region – despite a modest 6 per cent decline in total investment value – remained the largest recipient among SIDS, accounting for nearly two thirds of the group's total inflows. The Dominican Republic experienced a 37 per cent drop in projected greenfield capital expenditures to $1.2 billion. Jamaica, in contrast, saw the value of announced greenfield projects rise from $10 million to $325 million. In Oceanian SIDS, overall investment rose by 5 per cent, with Fiji attracting $472 million – up 45 per cent. Sectorally, manufacturing and the digital economy were the only ones to register growth in both project number and value, while energy and gas supply experienced a marked decline across both dimensions.

IPF values in SIDS increased by 14 per cent to $5.3 billion in 2024 in only a small number of deals. Driving the increase in value was a $2 billion project supported by the International Finance Corporation in Jamaica, which will cover several PPPs across various infrastructure sectors.

An analysis of longer-term sectoral investment trends in SIDS – comparing greenfield activity during the past five years (2020–2024) with the previous five-year period – shows that, as in other vulnerable economies, the energy and gas supply sector was the most dynamic. Greenfield project value in the sector more than tripled to $5.4 billion, and the number of projects more than doubled. The sector accounted for more than 32 per cent of the total value and 12 per cent of the total number of projects announced.

Most investment was concentrated in solar and biomass power generation. Leading players included Masdar (United Arab Emirates), Lightsource BP (United Kingdom), ACCIONA Energía (Spain) and Inkia Energy (Singapore). More than 70 per cent of all energy projects were located in four SIDS: the Dominican Republic, Seychelles, Tonga and Mauritius.

The digital economy also maintained a strong position, representing 12 per cent of total greenfield project value and 16 per cent of the number of announced projects.

[5] SIDS as used in this report follows the list established by the United Nations Office of the High Representative for the Least Developed Countries, except for Belize, Cook Islands, Cuba, Guinea-Bissau, Guyana, Haiti, Niue, Papua New Guinea, Singapore and Suriname, which are excluded from SIDS here.

Although value declined slightly (by 8 per cent), the number of projects increased by 19 per cent, indicating growing investor interest in digital infrastructure and services. Despite this momentum, the absolute project value remained modest and the sector has yet to scale up significantly. Nevertheless, the upward trend in project numbers suggests that the digital economy could become increasingly attractive for future investment.

New investment opportunities have also been gradually emerging. The transportation and storage sector recorded a 45 per cent increase in capital expenditure and a 92 per cent rise in project numbers. This growth highlights the growing importance of logistics and connectivity in island economies and points to a potential shift in investor focus towards infrastructure enablers.

Hospitality, traditionally the cornerstone of investment in SIDS, continued to attract the largest share of greenfield projects by value (more than one third). Nevertheless, the sector experienced a 39 per cent decline in value and a 63 per cent drop in project numbers, underscoring the vulnerability of SIDS economies to the pandemic, which occurred during this period, and the slow recovery of global tourism.

Investors from the United Kingdom contributed the single largest share of capital, with $1.2 billion invested through two high-value projects. Investors from the United Arab Emirates accounted for more than $600 million, mainly through Masdar and Lootah Biofuels, with a strong focus on biomass and clean manufacturing. European investors collectively accounted for more than 55 per cent of total capital expenditure, with those from Spain leading, followed by those from France and Germany. These investors predominantly targeted solar energy projects, especially in the Dominican Republic and in African SIDS such as the Seychelles and Mauritius.

B. Investment in the Sustainable Development Goals

The global investment environment remains challenging for sectors crucial to achieving the Sustainable Development Goals. In 2024, the value of Goals-related investment in developing countries fell by more than a quarter. Both IPF and greenfield project announcements declined. Goals-related investment in the LDCs dropped dramatically, by almost 90 per cent, demonstrating the disproportional impact of the global downturn in IPF on the poorest countries.

This section examines international investment trends in key Goals-relevant sectors, including infrastructure, renewable energy, water and sanitation, agrifood systems, health and education, with a focus on developing countries and particularly LDCs. It analyses developments in both IPF and greenfield project activity, drawing attention to priority areas for policy support and international cooperation.

In 2024, the combined values of announced greenfield projects and IPF deals in sectors relevant to the Sustainable Development Goals in developing countries fell by 26 per cent. Because Goals-relevant sectors such as utilities, renewable energy generation and transport infrastructure are highly reliant on IPF, most of the decline was caused by the global downturn in IPF deals that resulted from tighter financing conditions. Risk averseness among long-term investors in large-scale, capital-intensive projects with long payback times disproportionally affects the poorest countries, where concerns about debt sustainability and swings in exchange rates tend to deter investors more than elsewhere. This explains the dramatic impact of the downturn on Goals-related investment in LDCs, where total projected investment values dropped by 86 per cent.

The number of projects and deals fell less dramatically, by 7 per cent for developing countries overall, and by 19 per cent in LDCs. This indicates that the downturn mostly affects larger projects. The largest absolute declines in values were in infrastructure industries (including transport infrastructure and utilities) and renewable energy generation, showing that mounting challenges in accessing international finance significantly hinder the energy transition in developing countries.

Exceptions to the negative trend in 2024 were in the health sector (table I.8), but investment values in that sector are too low to affect the overall trend of investment in the Sustainable Development Goals. Pockets of growth were also present in telecommunications, where digital infrastructure investment plays an important role; however, such investment is mostly concentrated in relatively higher-income and larger markets.

Looking at longer-term developments in Goals-related investment, comparing 2024 trends with trends in 2015, when the Goals were adopted, shows significant growth only in renewables and in health. Infrastructure investment in 2024 was lower than it was when the Goals were adopted.

Table I.8
Investment in developing countries in sectors relevant to the Sustainable Development Goals
(Billions of dollars and percentage)

	2015	2023	2024	Growth rate 2015–2024	Growth rate 2023–2024
Infrastructure[a]	150	219	142	-6	-35
Renewable energy	106	372	256	143	-31
Water, sanitation and hygiene	8	12	9	13	-30
Agrifood system[b]	19	24	19	5	-19
Health and education	11	12	15	38	25

Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com) and LSEG Data & Analytics.

[a] Including transport infrastructure (only international project finance), power generation and distribution (except renewables) and telecommunications.

[b] Including agricultural production and processes; fertilizers, pesticides and other chemicals; research and development; and technology.

a. Infrastructure

International investment in infrastructure sectors, including transport and utilities, experienced a sharp decline in 2024. IPF in these sectors fell significantly as rising interest rates, inflationary pressures and tighter global financial conditions reduced the availability of long-term capital (table I.9). Greenfield project activity also slowed, particularly in LDCs, where investor perceptions of risk remained high (table I.10).

Transport infrastructure was especially affected, with fewer large-scale projects reaching financial close. Weak trade growth and high debt burdens in many developing countries have further constrained public investment capacity and reduced the viability of PPPs. Utility projects in water, electricity and waste management also suffered setbacks, particularly in countries with limited fiscal space and regulatory certainty.

b. Renewable energy

In developing countries, renewable energy remained the largest sector relevant to the Sustainable Development Goals, but investment declined by about one quarter across both IPF and greenfield activity. The fall reflects worsening financing difficulties for large-scale solar and wind installations, particularly in lower-income countries where investors perceive higher levels of financial risk. While investor interest in clean energy remains strong, deals are increasingly concentrated in relatively more advanced developing countries with more developed financial ecosystems.

In LDCs, investment in renewables was hit particularly hard. Several planned utility-scale solar and wind projects, such as the Scaling Solar initiatives in countries such as Madagascar and Zambia, experienced delays or downsizing in the face of rising capital costs and currency volatility. The GET FiT programme in Uganda also faced challenges in scaling further as a result of financing constraints. Nonetheless, some momentum continued in off-grid and distributed renewable energy solutions, often supported by concessional financing or blended finance instruments.

Table I.9
Sectors relevant to the Sustainable Development Goals: International project finance deals in developing economies
(Millions of dollars, number and percentage)

	Developing economies				Least developed countries			
	2022	2023	2024	Growth rate, 2023–2024	2022	2023	2024	Growth rate, 2023–2024
Total								
Value	**351 143**	**359 726**	**237 465**	**-34**	**26 895**	**22 228**	**6 375**	**-71**
Number of projects	**813**	**690**	**574**	**-17**	**59**	**51**	**34**	**-33**
Power[a]								
Value	66 914	63 218	34 437	-46	4 920	1 199	950	-21
Number of projects	70	59	38	-36	8	2	3	50
Renewable energy								
Value	185 612	171 216	146 897	-14	11 795	12 188	4 507	-63
Number of projects	566	508	428	-16	34	34	26	-24
Transport infrastructure								
Value	27 117	87 100	18 537	-79	5 228	3 853	728	-81
Number of projects	61	39	39	0	6	7	2	-71
Telecommunication[b]								
Value	34 525	18 158	23 807	31	298	2 312	40	-98
Number of projects	51	44	37	-16	2	4	1	-75
Water, sanitation and hygiene								
Value	16 829	11 062	7 197	-35	2 297	2 156	150	-93
Number of projects	26	21	15	-29	5	2	2	0
Food and agriculture								
Value	17 054	7 051	3 982	-44	2 341	522	-	..
Number of projects	26	14	12	-14	3	2	-	..
Health								
Value	1 512	1 919	2 608	36	16	-	-	..
Number of projects	5	5	5	0	1	-	-	..
Education								
Value	1 579	-	-	..	-	-	-	..
Number of projects	8	-	-	..	-	-	-	..

Source: UNCTAD, based on information from LSEG Data & Analytics.

[a] Excluding renewable energy.

[b] Including information services activities.

Table I.10
Sectors relevant to the Sustainable Development Goals: Announced greenfield projects in developing economies
(Millions of dollars, number and percentage)

	Developing economies				Least developed countries			
	2022	2023	2024	Growth rate, 2023–2024	2022	2023	2024	Growth rate, 2023–2024
Total								
Value	**249 505**	**279 537**	**203 441**	**-27**	**9 300**	**44 998**	**3 196**	**-93**
Number of projects	**1 131**	**1 273**	**1 261**	**-1**	**48**	**61**	**58**	**-5**
Power[a]								
Value	4 723	7 178	4 715	-34	1 869	679	37	-95
Number of projects	18	29	42	45	3	1	4	300
Renewable energy								
Value	185 896	200 704	109 324	-46	5 448	42 253	1 912	-95
Number of projects	187	279	214	-23	13	24	13	-46
Telecommunication[b]								
Value	27 264	43 367	60 315	39	937	1 400	641	-54
Number of projects	325	283	289	2	12	13	10	-23
Water, sanitation and hygiene								
Value	1 065	1 357	1 494	10	136	73	-	..
Number of projects	14	11	15	36	1	1	-	..
Food and agriculture								
Value	19 841	17 047	15 456	-9	726	436	326	-25
Number of projects	283	336	321	-4	14	14	9	-36
Health								
Value	9 729	8 932	10 922	22	177	113	191	70
Number of projects	207	230	272	18	4	4	16	300
Education								
Value	988	951	1 215	28	7	44	89	104
Number of projects	97	105	108	3	1	4	6	50

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

[a] Excluding renewable energy.

[b] Including information services activities.

c. Water and sanitation

Water and sanitation infrastructure saw an overall contraction in international investment in 2024. The number and value of IPF deals declined. They remain rare in LDCs, where affordability challenges and weak project preparation capacities remain significant bottlenecks. Investment in this sector continues to be highly dependent on public funding and development finance.

Greenfield project activity was minimal, with only a few announcements of small-scale wastewater treatment and potable water access projects. Despite being a foundational component of sustainable development, the sector continues to lag in attracting private investment because of its low commercial returns and high perceived risks.

d. Food and agriculture

International investment in agrifood systems declined in 2024, with both greenfield activity and IPF contracting. The downturn was driven by a combination of climate-related risks, supply chain disruptions and weaker commodity markets, which have dampened investor appetite. Investment remained focused on food processing and agribusiness supply chains, while primary agriculture received limited attention.

In LDCs, food and agriculture investment was particularly subdued. Many projects rely heavily on concessional finance or donor support, and high inflation and input costs further undermined profitability. Despite the clear link between investment in agrifood systems and food security, private capital flows into the sector remain insufficient to meet development needs.

e. Health

In 2024, the health sector in developing countries was one of the few Goals-relevant areas to see an increase in international investment, with growth in both project numbers and announced value. The number of greenfield projects rose by 18 per cent, and total announced investment value increased by 22 per cent (see table I.10).

IPF transactions remained limited in number but relatively large – and growing – in scale (see table I.9). Investment was largely concentrated in middle-income countries, with limited activity in LDCs, where it is most urgently needed because of weak health systems and a high incidence of preventable and infectious diseases.

Many of these LDCs are in Africa, where one of the most critical investment challenges is the development of local pharmaceutical manufacturing capacity. Despite growing demand, the continent still imports more than 70 per cent of its medicines, and FDI penetration remains very limited – accounting for less than 5 per cent of global greenfield projects in pharmaceutical manufacturing over the past two decades, or some 90 projects. Building local production capacity is vital to improve access to essential medicines, strengthen health security and foster industrial development. UNCTAD has long been engaged in this area, including through the launch of an Action Plan (UNCTAD, 2021) and a series of analytical and technical assistance activities aimed at supporting local pharmaceutical production in Africa, particularly in strategic segments such as antibiotics (UNCTAD, 2011a, 2011b, 2023a, 2023b, 2023c).

The business case for local pharmaceutical manufacturing remains challenging in many developing countries because of their small, fragmented markets, high input costs, infrastructure gaps and dependence on imported raw materials (UNCTAD, 2025a). To improve commercial viability, policy responses must combine investment incentives, public procurement frameworks and regional market integration. FDI can play a key role by bringing in capital, technology and expertise to support sustainable local production and integration into global and regional value chains. UNCTAD contributes to this effort through targeted advisory services, investment strategy development and engagement with authorities of special economic zones (SEZs), investment promotion agencies and regional platforms to help build a more conducive environment for FDI in the sector (UNCTAD, 2025b).

C. Internationalization trends of the largest MNEs

Despite subdued trends in FDI flows and slowing trade over the course of the last decade, international production continued to expand. Flows added to growing stocks of overseas assets, increasing sales and employment in foreign affiliates, and rising incomes from foreign investment, partially allaying – so far – fears of a reversal of globalization. In 2024, although FDI stocks continued to accumulate, investment returns sagged and project numbers dwindled. The top 100 MNEs saw significant shifts in composition over the past few years with the entry of more Asian firms. Their foreign sales continued to grow faster than their overseas assets and workforce, a result of the rising number of technology and digital MNEs in their midst.

International production refers to the cross-border activities of MNEs, encompassing FDI and the operations of foreign affiliates as well as the flows of capital, goods, services, technology and knowledge that sustain these networks. In the UNCTAD framework (table I.11), international production includes not only the equity-based investment recorded in FDI statistics but also the broader ecosystem of international production networks, including GVCs, intrafirm trade, and contractual and non-equity partnerships. Key indicators of international production, such as the sales, value added, assets, exports and employment of foreign affiliates, are used to capture the scale and scope of these cross-border operations, offering critical insights into the evolving patterns of global economic integration and the role of MNEs in development.

UNCTAD ranks the top 100 MNEs not on the basis of their overall size, but on the basis of their international footprint, i.e. their foreign assets, sales and employment (table I.12). The Transnationality Index – a composite index of the share of foreign over total assets, sales and employment – tracks trends in the development of international production networks.

In 2024, the international footprint of the top 100 remained unchanged, primarily sustained by the continued expansion of technology firms and the emergence on the list of new Asian players. However, this overall stability masks deeper shifts in corporate strategies, sectoral performance and regional representation across the global MNE landscape.

The 2024 ranking saw the exit of several long-term companies, including General Electric, IBM, Walmart and Comcast (all United States). GE, a leader in the ranking since the early 1990s, began scaling back and refocusing its operations in about 2010. It divested non-core businesses and major overseas assets, retaining three core segments: aerospace, healthcare and energy. In 2023, GE spun off GE HealthCare, followed by GE Vernova in 2024, transforming GE into an aviation-focused company with the balance of its operations in its home market.

Table I.11
Selected indicators of foreign direct investment and international production
(Billions of dollars at current prices, percentage and thousands of employees)

Item	1990	2005–2007 (pre-crisis average)	2021	2022	2023	2024
FDI inflows	205	1 425	1 677	1 390	1 455	1 509
FDI outflows	244	1 463	1 914	1 569	1 556	1 609
FDI inward stock	2 196	14 589	46 509	43 734	48 098	50 907
FDI outward stock	2 255	15 299	42 227	39 493	42 597	43 595
Income on inward FDI[a]	82	1 130	2 921	3 588	3 655	3 341
Rate of return on inward FDI[b]	5.2	9.3	7.6	9.2	9.3	7.4
Income on outward FDI[a]	128	1 244	2 827	3 512	3 528	3 199
Rate of return on outward FDI[b]	8.4	10.6	7.0	8.7	8.7	7.5
Announced greenfield projects	..	744	889	1 302	1 413	1 338
International project finance deals	..	768	1 533	1 487	1 231	909
Cross-border M&As	98	729	759	725	387	443
Sales of foreign affiliates	4 801	19 655	31 904	38 194	..	..
Value added (product) of foreign affiliates	1 074	4 640	6 884	8 296	..	..
Total assets of foreign affiliates	4 649	46 729	89 612	100 583	..	..
Employment by foreign affiliates	20 449	49 514	76 262	82 338	..	..
Gross domestic product	22 612	52 546	97 844	101 948	106 432	110 549
Gross fixed capital formation	5 838	12 540	25 398	26 414	27 306	28 273
Charges for the use of intellectual property, receipts	31	191	642	665	570	560

Source: UNCTAD, FDI/MNE database, IMF (2025b), information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com) and LSEG Data & Analytics.

Note: Not included are the value of worldwide sales by foreign affiliates associated with their parent firms through non-equity relationships and the value of the sales of the parent firms themselves. Worldwide sales, gross product, total assets, exports and employment of foreign affiliates are estimated by extrapolating the data of foreign affiliates of MNEs from countries for which the data are available, on the basis of three-year average shares of those countries in worldwide outward FDI stock.

[a] Based on data from 168 countries for income on inward FDI and 142 countries for income on outward FDI in 2024, in both cases representing more than 90 per cent of global inward and outward stocks.

[b] Calculated only for countries with both FDI income and stock data. The stock is measured in book value.

Abbreviations: FDI, foreign direct investment; M&As, mergers and acquisitions.

Table I.12
Internationalization statistics of the 100 largest non-financial multinational enterprises, worldwide and from developing economies
(Billions of dollars, thousands of employees and percentage)

	100 largest MNEs, global					100 largest MNEs, developing economies		
Variable	2022[a]	2023[a]	Change, 2022–2023	2024[b]	Change, 2023–2024	2022[a]	2023[b]	Change
Assets								
Foreign	10 118	10 283	1.6	10 237	-0.4	2 908	2 955	1.6
Domestic	10 575	9 322	-11.9	9 430	1.2	8 700	7 873	-9.5
Total	20 693	19 605	-5.3	19 667	0.3	11 608	10 828	-6.7
Foreign as share of total	49	52		52		25	27	
Sales								
Foreign	7 438	6 949	-6.6	6 972	0.3	2 504	2 489	-0.6
Domestic	6 744	5 579	-17.3	5 135	-8.0	5 526	4 395	-20.5
Total	14 182	12 528	-11.7	12 107	-3.4	8 030	6 885	-14.3
Foreign as share of total	52	55		58		31	36	
Employment								
Foreign	9 096	9 530	4.8	8 953	-6.1	4 112	4 142	0.7
Domestic	11 316	10 523	-7	9 543	-9.3	9 659	9 666	0.1
Total	20 413	20 053	-1.8	18 495	-7.8	13 771	13 807	0.3
Foreign as share of total	45	48		48		30	30	
Transnationality Index	49	52		53		29	31	
Unweighted average	61	63		63		46	46	
Median	63	66		66		49	43	

Source: UNCTAD, MNE database.

Note: Data refer to fiscal year results reported between 1 April of the base year and 31 March of the following year. Complete 2024 data for the 100 largest firms from developing economies are not yet available.

[a] Revised results.

[b] Preliminary results.

IBM, a technology pioneer in the ranking since 1990, has also undergone substantial transformation. The company has divested mature segments and invested in digital technologies. Following the 2021 spin-off of its IT infrastructure services unit Kyndryl, IBM has pursued acquisitions in AI and data services to enhance its hybrid cloud platform. This strategic pivot towards domestic markets has reduced its international footprint.

Walmart, similarly, divested its stakes in JD.com (China) and Seiyu (Japan) in 2024 and exited operations in several African markets.

These departures from the ranking were balanced by the entry of several Asian firms: China Communication Construction (China), Hyundai Motors (Republic of Korea), Hitachi (Japan) and semiconductor company Broadcom (United States).

Sectoral trends diverged significantly. Utilities MNEs experienced the sharpest retrenchment, with a nearly 10 per cent reduction in foreign assets, mainly due to restructuring of European energy providers. EDF (France), Enel (Italy) and RWE (Germany) led this decline. EDF, renationalized in 2023, reported a 40 per cent drop in foreign assets and a €14 billion impairment related to delays at the Hinkley Point nuclear project in the United Kingdom. In contrast, Canadian utility Enbridge expanded rapidly, acquiring United States gas distribution companies worth more than $14 billion.

Telecommunications and trade services MNEs also reduced their international exposure. Deutsche Telekom sold its United States tower business for more than $10 billion in late 2023. Telefónica (Spain) continued divesting Latin American assets to refocus on Spain, Brazil, Germany and the United Kingdom. Vodafone (United Kingdom) sold Vodafone Spain for $5.3 billion and an additional 10 per cent of Vantage Towers (Germany) for $1.4 billion.

Trading companies displayed mixed results in 2024. Trafigura (Singapore) divested some underperforming assets (including a stake in Indian refiner and retailer Nayara) and placed others – including their holdings in Porto Sudeste in Brazil and in Australian smelters – under review. Mitsubishi (Japan) sold Australian coal mines for $4.1 billion in 2024 as part of portfolio optimization. Despite setbacks, commodity traders reported strong profits and announced new acquisitions.

Technology MNEs expanded their foreign assets by 8 per cent, driven by new entries and growing investment in overseas data centres. Microsoft (United States), Tencent (China), Alphabet (United States) and Legend Holdings (China) led this growth. In 2024, Microsoft increased its foreign assets by more than 20 per cent, announcing 10 new data centres across Europe and in Brazil and Indonesia. It also committed to tens of billions of dollars in annual overseas investment to ensure data sovereignty and reliable capacity. Tencent boosted its foreign assets through acquisitions in overseas gaming markets, prompted in part by Chinese licensing constraints. Since 2020, Tencent has completed more than 30 international equity deals, most of undisclosed value.

MNEs in extractive industries increased their internationalization through sustained investment in developing alternatives to Russian gas supplies. In the aftermath of the energy crisis, European energy MNEs partly shifted away from renewables to focus more heavily on fossil fuels, particularly oil and liquefied natural gas. Shell (United Kingdom), for instance, invested heavily in the liquefied natural gas sector in Argentina, forming a $30 billion partnership with YPF. Shell now leads the top 100 ranking with estimated foreign assets of more than $450 billion. Meanwhile, United States extractive MNEs focused more on domestic markets.

Automotive MNEs maintained stable internationalization levels amid fierce competition from Chinese EV producers. Volkswagen (Germany) restructured in response to high EV transition costs and weak European sales, divesting Russian and Chinese operations. Nissan (Japan) announced a 20 per cent cut in global capacity. Renault (France) reduced operations while forming strategic partnerships with Volvo (Sweden), CMA CGM (France) and Geely (China). Conversely, Hyundai (Republic of Korea) entered the ranking with more than $20 billion in global investment.

Already facing a difficult market environment, global carmakers are now contending with newly announced tariffs in the United States. Automotive MNEs from Japan have all forecast profit declines for the coming year. Honda expects a 70 per cent drop and plans to relocate the production of its Civic hybrid model from Japan to the United States.

Similarly, Toyota announced new investment and is planning to shift production of its best-selling models to localize manufacturing and circumvent tariffs.[6]

Other sectors, including light and heavy industry and services, showed minimal net change, as restructuring in some MNEs was offset by expansion in others.

Over time, the geographical composition of the home countries of the global MNEs in the ranking has gradually shifted towards Asia. This trend is driven not only by the expanding presence of large Chinese conglomerates but also by the rising prominence of MNEs from other advanced Asian economies – particularly the Republic of Korea (table I.13).

Table I.13
Top 100 non-financial multinational enterprises by home economy
(Number)

Region/country	2010	2020	2024
Europe	**63**	**53**	**52**
France	14	13	13
Germany	10	11	10
Switzerland	6	5	5
United Kingdom	18	12	11
Others	15	12	13
North America	**20**	**22**	**20**
Canada	1	2	2
United States	19	20	18
Other developed countries	**8**	**11**	**13**
Australia	1	..	..
Japan	7	10	10
Republic of Korea[a]			3
Developing Asia	**7**	**14**	**15**
China	4	10	10
Hong Kong, China	1	1	1
Taiwan Province of China	..	1	1
Malaysia	1	..	1
Republic of Korea[a]	1	1	
Saudi Arabia	..	1	1
Singapore	..	..	1
Latin America and the Caribbean	**2**	**..**	**..**
Total	**100**	**100**	**100**

Source: UNCTAD, MNE database.

[a] The Republic of Korea graduated to a developed economy in 2021.

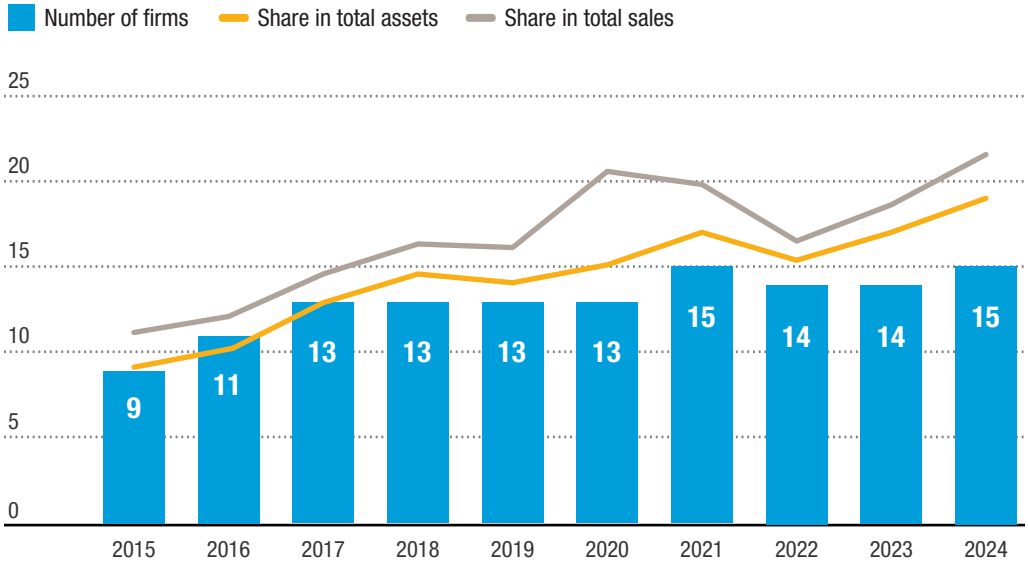
[6] See Takahashi N (2025), Honda signals profit drop and warns of $3 billion tariff hit, *The Japan Times*, May 13, https://www.japantimes.co.jp/business/2025/05/13/companies/honda-profit-drop/https://japannews.yomiuri.co.jp/business/companies/20250113-232779/.

In contrast, the number of European MNEs has declined by more than 10, primarily in the heavy industry, extractives and utilities sectors. This reduction reflects both consolidation within these industries and the relatively weak representation of European firms in technology-related sectors, with SAP (Germany) being the only major player. These shifts reflect broader global economic trends and are accompanied by sectoral concentration, with top MNEs increasingly clustered in a few key industries: extractives, pharmaceuticals, trade and services, and technology.

The number of technology MNEs in the top 100 global ranking has risen to 15 (figure I.18), with the return of Legend Holdings (China) and semiconductor company Broadcom (United States), following its $69 billion acquisition of software company VMware (United States) in late 2023.[7]

Technology MNEs together with companies in the extractive industries (oil, gas and mining) represent the largest sectors in the ranking, followed by automotives (13 companies), and pharmaceuticals, light industries and utilities (all at 10). However, technology could soon become the largest sector with three semiconductor multinationals – SK (Republic of Korea), the parent company of SK Hynix; Nvidia (United States); and TSMC (Taiwan Province of China) – along with the e-commerce firm Rakuten (Japan), poised to enter the ranking as early as next year, provided their current pace of international expansion continues. Their inclusion would raise the number of semiconductor MNEs in the rankings to seven, underscoring both the rising strategic importance of the semiconductor industry and the growing market concentration within the sector.

Figure I.18
Tech firms account for more than a fifth of the revenues of the top 100 multinational firms
Evolution of tech firms in the UNCTAD ranking of the top 100 multinational firms (Number and percentage)



Source: UNCTAD, MNE database.

[7] In previous editions of the *World Investment Report*, Hitachi (Japan) was counted as a technology MNE. However, in recent years the company has expanded its business in the energy, transport and mobility sectors. In fiscal year 2024 the digital and software division accounted for only a quarter of Hitachi's revenues.

Even without factoring in these potential additions, technology MNEs have maintained robust performance, with an average annual sales growth rate of approximately 13 per cent since 2015 – far outpacing the 3 per cent growth recorded by other MNEs in the rankings. In 2024, sales by technology MNEs represented 22 per cent of the total sales of ranked firms, surpassing the previous peak reached during the pandemic in 2020. Their assets now account for 19 per cent of the top 100 companies' total assets.

The internationalization patterns of the world's largest MNEs in 2024 reveal both resilience and transformation. While macroeconomic turbulence constrained global investment, technology and energy firms drove expansion, often reshaping their portfolios in response to emerging market opportunities or geopolitical constraints. The growing role of Asian firms – particularly in the technology and automotive sectors – signals a broader shift in global corporate influence. Meanwhile, European MNEs face structural challenges, especially in traditional sectors. Looking ahead, the sustained rise of semiconductor and AI-driven companies, combined with strategic realignments in response to geopolitical pressures, may further alter the global footprint of MNEs in the coming years.

D. International project finance: Implications for financing for development

The contraction in IPF has significant implications for global development financing efforts, particularly in the framework of the Fourth International Conference on Financing for Development. Between 2021 and 2024, the value of IPF deals fell by more than 40 per cent, with sharp reductions in both the number of transactions and the average deal size. This downturn was especially pronounced in Goals-aligned sectors such as renewable energy, sustainable transport and critical infrastructure, where IPF provides the majority of external financing. It disproportionally affected LDCs, which rely more on international sources of finance for infrastructure projects. Evidence on more than two decades of IPF shows that there is an important role to play for governments (through PPPs), multilateral development banks and risk insurance agencies, as well as new types of financial investors, in pushing capital to where it is needed most.

Achieving the Sustainable Development Goals in developing countries requires an estimated $4 trillion to $5 trillion annually, with 40 to 50 per cent expected to come from private capital and blended finance mechanisms, including IPF. The recent decline in IPF deals has directly contributed to the widening gap in Goals investment. The impact has been particularly severe in LDCs and SIDS, where IPF can account for more than 60 to 70 per cent of total infrastructure investment.

The agenda for the Fourth International Conference on Financing for Development emphasizes the urgent need to scale up the catalytic role of multilateral development banks, expanding the use of guarantees, hybrid capital and de-risking instruments to crowd in private investment and reinvigorate stalled project pipelines.

Without targeted interventions to reverse the decline in IPF deals, particularly in priority sectors for the achievement of the Goals, the international community risks leaving structural investment gaps unaddressed and jeopardizing progress towards critical global development commitments.

a. Evolution of international project finance

The use of IPF expanded steadily during the past decade, aided by historically low interest rates and policy-driven infrastructure initiatives. Following 2020, the sector experienced a surge, driven by pandemic recovery packages, industrial policy measures and the global push for clean energy and digital infrastructure.

At its peak in 2021, the cumulative value of IPF even surpassed that of greenfield project activity. However, rising financing costs, inflation and heightened risk aversion have since reversed the trend, and in 2024, IPF recorded a sharp contraction. The number of deals globally fell by 27 per cent, following an already steep decline in 2023. Adverse macro financial conditions have taken a toll on large-scale investment in infrastructure and energy. In value terms, the decline was particularly steep, with IPF values falling by 26 per cent (table I.14). Asia experienced some of the largest declines, with 43 per cent lower values.

IPF performed relatively better than domestic project finance, as the equity participation of international investors often enables access to more favourable financing conditions. Projects led by domestic sponsors saw a 56 per cent decrease in number and a 40 per cent decrease in value.

IPF deals in renewable energy – a key driver of growth in IPF in recent years – slowed further in 2024, with declines of 16 per cent in both project numbers and project value, following a similar drop in 2023.

The contraction was even more pronounced in domestic project finance for renewables, with a reduction of about 60 per cent in both metrics. Regionally, IPF deals in renewable energy declined by 22 per cent in North America, 18 per cent in developing Asia and 14 per cent in Latin America and the Caribbean. Africa was the only region to record an increase, with an 8 per cent gain.

The sharper declines in IPF deals in renewable energy in developed countries contrast with the broader pattern, where developing and structurally weak economies have been disproportionately affected by the global downturn. Higher interest rates and heightened investor sensitivity to risk – especially concerns about sovereign debt distress – are key constraints, given the debt-heavy structure of most IPF deals.

Table I.14
International project finance deals by top industries

Sector/industry	Value (Billions of dollars) 2023	2024	Growth (%)	Number 2023	2024	Growth (%)
Total	**1 231**	**909**	**-26**	**2 713**	**1 988**	**-27**
Top 10 industries by number						
Renewable energy	452	348	-23	1 565	1 266	-19
Industrial real estate	169	94	-44	252	125	-50
Telecommunication	110	150	37	135	118	-13
Power	93	86	-8	162	103	-36
Transport infrastructure	113	37	-67	99	82	-17
Oil and gas	75	46	-39	111	81	-27
Residential/commercial real estate	46	41	-10	131	66	-50
Mining	70	23	-67	69	43	-38
Petrochemicals	67	19	-72	85	39	-54
Water and sewerage	13	14	11	30	23	-23

Source: UNCTAD, based on information from LSEG Data & Analytics.

Telecommunications infrastructure was the only sector to see a significant increase in project value in 2024 – consistent with greenfield project trends, where the digital economy is a key driver of new capital commitments. However, the increase in value was largely attributable to a few high-value projects, while the number of deals declined.

Industrial real estate, including SEZs, which had been another driver of growth in IPF, experienced a sharp contraction in 2024. Both the number and the value of projects fell by nearly 50 per cent. As investors in supply chain–intensive sectors reassess strategic locations, developers and sponsors of industrial zones are adopting a more cautious stance.

b. Growth phases and factors

IPF has evolved significantly over the past decades, playing a crucial role in the development of large-scale infrastructure, energy and industrial projects worldwide. As a financing mechanism that pools resources from multiple investors – including governments, development banks, private sector institutions and multilateral agencies – IPF has been instrumental in addressing capital-intensive development needs while distributing financial risk among stakeholders. IPF shares a close relationship with FDI, as both serve as mechanisms for channeling cross-border capital into productive assets. Whereas international production FDI is primarily structured as equity investment in companies, infrastructure IPF is centred on specific projects and often involves a mix of debt financing, syndicated loans and complex contractual agreements. This distinct structure makes IPF particularly suitable for large-scale development initiatives that require long-term commitments and diversified risk-sharing models. The mixed financing arrangements in IPF deals mean that only a portion of international infrastructure investment translates directly into FDI in balance-of-payments statistics – about 17 per cent according to UNCTAD research (see UNCTAD, 2020; UNCTAD, 2021; Viné et al., 2022) – it plays a similar role to FDI due to its stability and long-term strategic management.

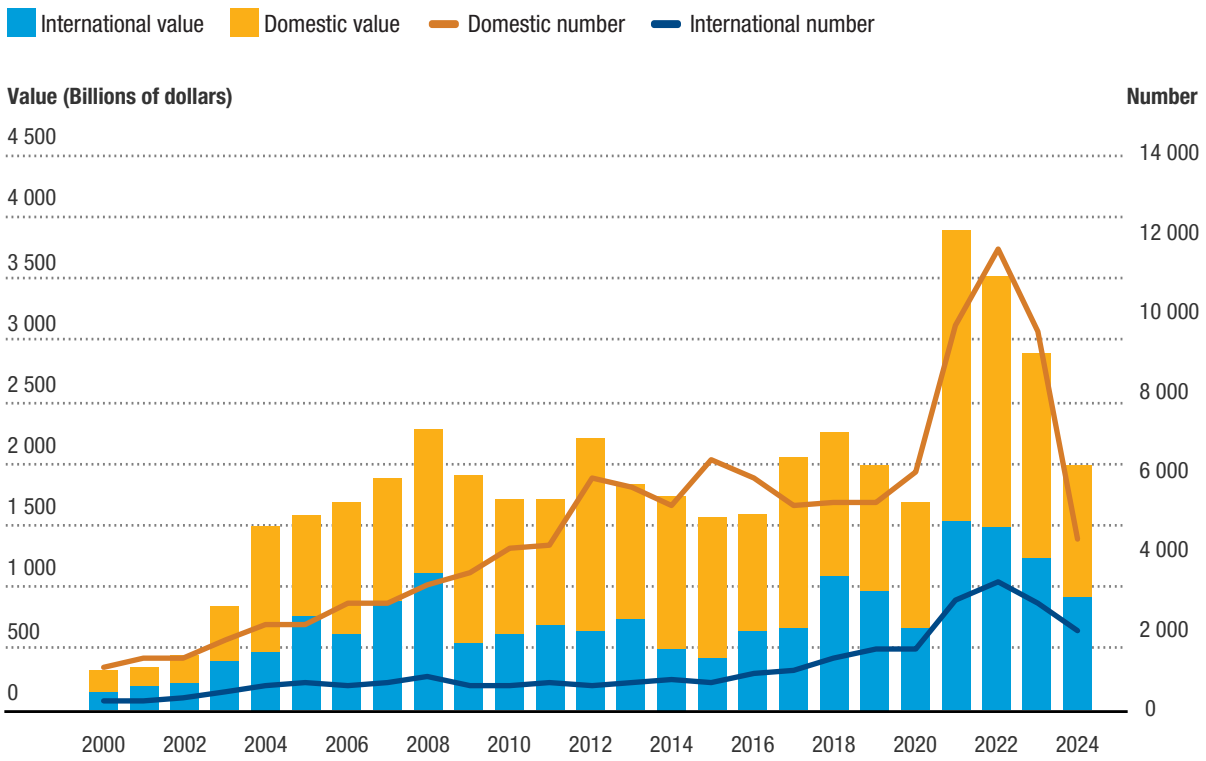
The global IPF market consists of domestically sponsored deals (where national governments, utilities, infrastructure companies and investment funds act as the project sponsors and equity owners) and internationally sponsored deals (where the equity owners include one or more foreign investors). Over the last two decades, internationally sponsored deals have accounted for about 20 per cent of project numbers but about 40 per cent of project values.

The growth of IPF can be traced to the mid-20th century, when large-scale infrastructure projects – particularly in the energy and transportation sectors – began attracting cross-border investment. Over time, especially during the 2000s, financial innovations, risk mitigation instruments and evolving regulatory frameworks contributed to the expansion of IPF (figure I.19).

Since 2000, IPF has gone through several major phases:

- Pre-2008 financial crisis: Characterized by rapid growth and large-scale projects, driven by favourable financial conditions and rapid globalization. Many developing countries, facing significant infrastructure financing gaps, turned to IPF for essential services such as energy, transportation and water supply.
- Post-2008 crisis: Marked by tighter credit conditions and greater investor caution. The private sector's appetite for large infrastructure projects diminished, prompting a shift towards smaller-scale ventures. PPPs evolved to encourage collaboration between governments and private investors.
- Post-2015 growth: A period of renewed growth driven by low interest rates and initiatives such as the Belt

Figure I.19
International project finance deals started growing after 2015
Value and number of deals by source of investment



Source: UNCTAD, based on information from LSEG Data & Analytics.

and Road Initiative of China,[8] the Sustainable Development Goals and the Paris Agreement. Development finance institutions and multilateral agencies played a pivotal role through guarantees, insurance and concessional finance. Renewable energy projects became the key growth driver. The period culminated in a surge driven by ultra-low interest rates, pandemic recovery funds and new industrial policies pushing infrastructure, digital and green investment projects, resulting in a peak in 2021.

- Recent decline: Following the post-pandemic surge, international project numbers declined. In developing countries – and especially in LDCs – the downturn began earlier, coinciding with the pandemic onset. Recovery packages in advanced economies diverted investment towards lower-risk markets. This trend was intensified in the last two years by rising interest rates, global policy uncertainty and growing investor concerns about debt distress in many lower-income countries.

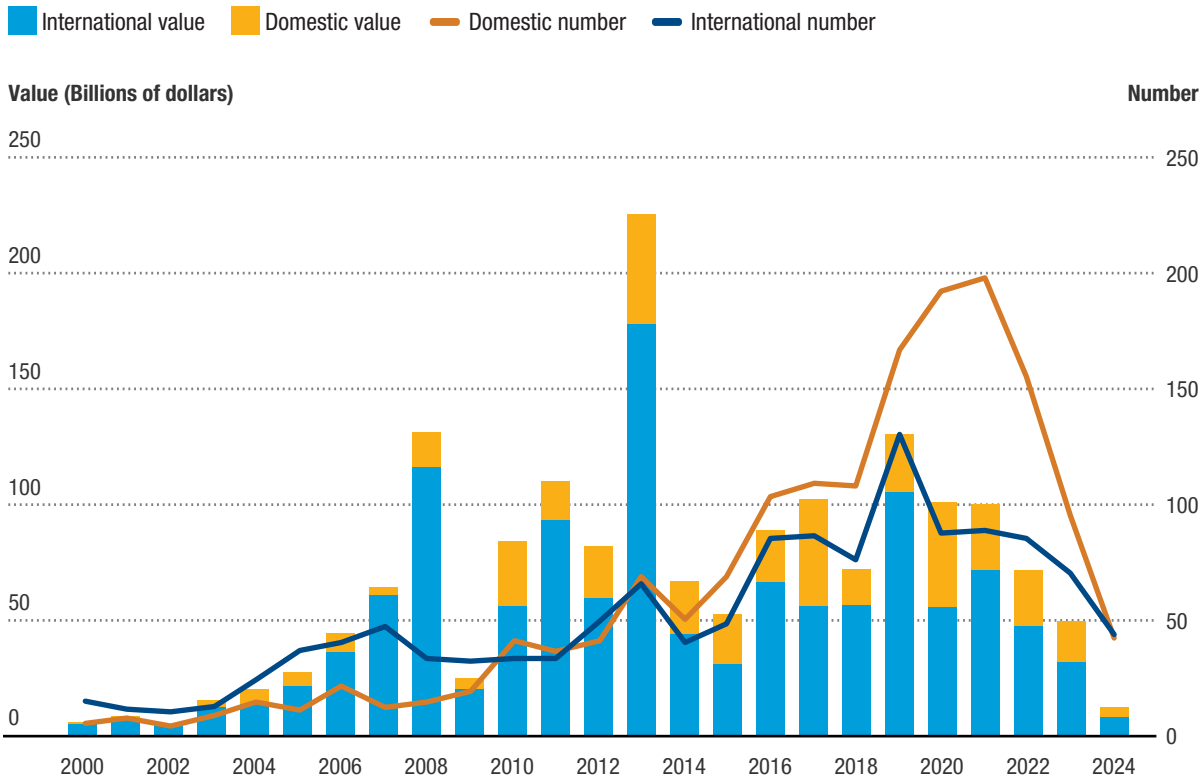
[8] Until recently, the majority of Belt and Road projects did not involve equity participation by Chinese MNEs. Instead, they were financed through loans subscribed by the host economies. In many cases, the only registered project owner was the host-country Ministry of Infrastructure, causing these projects to present as domestic in investment databases. As such, relatively few are included in the IPF data set used by UNCTAD. As part of the ongoing restructuring of the initiative, Chinese contractors are now more frequently required to take equity stakes in the projects they execute. This will lead to an increase in the share of Belt and Road projects in the IPF data set.

In developing countries, trends for domestic and international project finance followed broadly similar paths. However, trends diverged across regions and income groups. Importantly, LDCs experienced a sharper and more persistent decline in both domestic and international project finance after 2020, showing how tighter financing conditions and investor uncertainty affect countries with lower credit ratings disproportionally (figure I.20).

Over the past two decades, several factors have fueled the expansion of IPF:

- Infrastructure needs and development goals: Developing economies face significant infrastructure financing gaps, particularly in such sectors as energy, transport and water.
- Public investment and stimulus packages: Governments increasingly use infrastructure investment to stimulate economic recovery and competitiveness.
- PPPs: These structures blend public oversight with private sector expertise and funding, making large-scale projects more feasible.
- Financial innovations: Structured financing tools, blended finance and risk-sharing mechanisms have broadened the investor base. Prolonged low interest rates also lowered investment costs. The UNCTAD analysis suggests that a 1 percentage point rise in benchmark rates (e.g., LIBOR or SOFR) is linked to a 2 per cent drop in IPF deals and nearly a 9 per cent drop in domestic deals – an effect stronger in developing economies.

Figure I.20
Project finance deals in least developed countries are largely driven by international investment
Value and number of deals by source of investment



Source: UNCTAD, based on information from LSEG Data & Analytics.

- Sustainability and green finance: Climate and sustainability goals have increased investment in renewables and green infrastructure.
- Multilateral support: Institutions such as the World Bank and regional development banks play a catalytic role by providing risk mitigation and concessional finance.

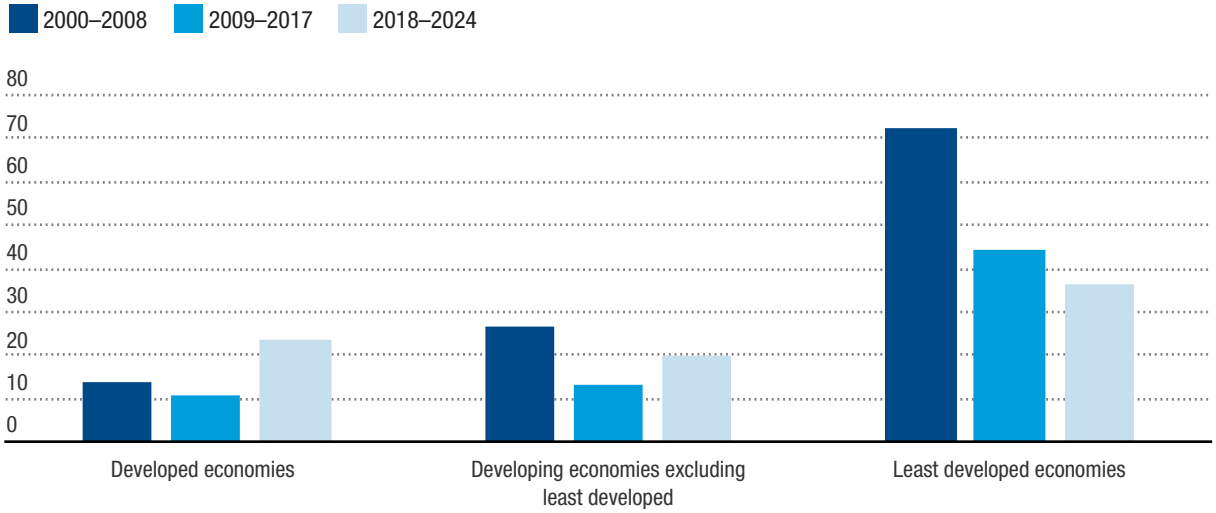
c. The role of international investors

The relative importance of international investors relative to domestic sponsors varies by project type, size and geography. Worldwide, IPF accounts for about 20 per cent of all deals but 40 per cent of total investment – indicating larger project sizes. This share has remained stable since the early 2000s, though sectoral and regional variation exists. In LDCs, international sponsorship exceeded 70 per cent early on but declined to about 35 per cent (figure I.21).

This is still above the global average, but the trend indicates that capacity is increasing among domestic sponsors.

Across sectors, the participation of foreign investors is influenced by the expected returns, risk profile and nature of the project. Mining and hydrocarbon projects are capital-intensive and generally undertaken by large MNEs. As a result, more than half of these projects involve international investors. In the hard infrastructure sector – such as power plants and transport networks – the presence of foreign sponsors is also significant, with their share exceeding 40 per cent in developing economies. By contrast, investment in social infrastructure, such as healthcare, is predominantly financed domestically. In developing economies, international involvement in social infrastructure remains limited: foreign-sponsored hospital and educational projects account for less than 10 per cent and 5 per cent, respectively, of the total numbers of projects.

Figure I.21
The share of internationally sponsored projects increased since 2018, except in least developed countries
Share of international project finance deals by economic groupings



Source: UNCTAD, based on information from LSEG Data & Analytics.

While participation by foreign sponsors has remained relatively stable across most sectors, foreign investment in renewable energy has grown. In developing countries, the international share of renewables projects rose from 12 per cent in the 2000s to 30 per cent during the last five years.

The diverging trends in the relative significance of IPF across income groups is partly explained by the evolving sectoral distribution of projects. During the 2000s, a substantial portion of projects – especially in LDCs – were concentrated in the extractives sector and sponsored by large international energy MNEs. For instance, in LDCs, extractives accounted for more than 40 per cent of all projects in the early 2000s. Following the financial crisis, IPF shifted increasingly towards essential infrastructure in sectors such as transport, power and telecommunications, as well as in education and healthcare, where public agencies and domestic investors tend to play a larger role. There was also greater use of IPF for domestic industrial and residential real estate, a sector that typically sees lower involvement of foreign investors. More recently, the rapid expansion of renewable energy projects has boosted the international share of project finance again.

d. The role of governments and development finance institutions

Financing public infrastructure often requires the involvement of multiple stakeholders. In LDCs, attracting foreign private investors can be particularly challenging. As a result, local authorities – either directly or through State-owned enterprises – are often required to participate in projects as sponsors or to provide equity at later stages of deployment to help mitigate perceived country risk.

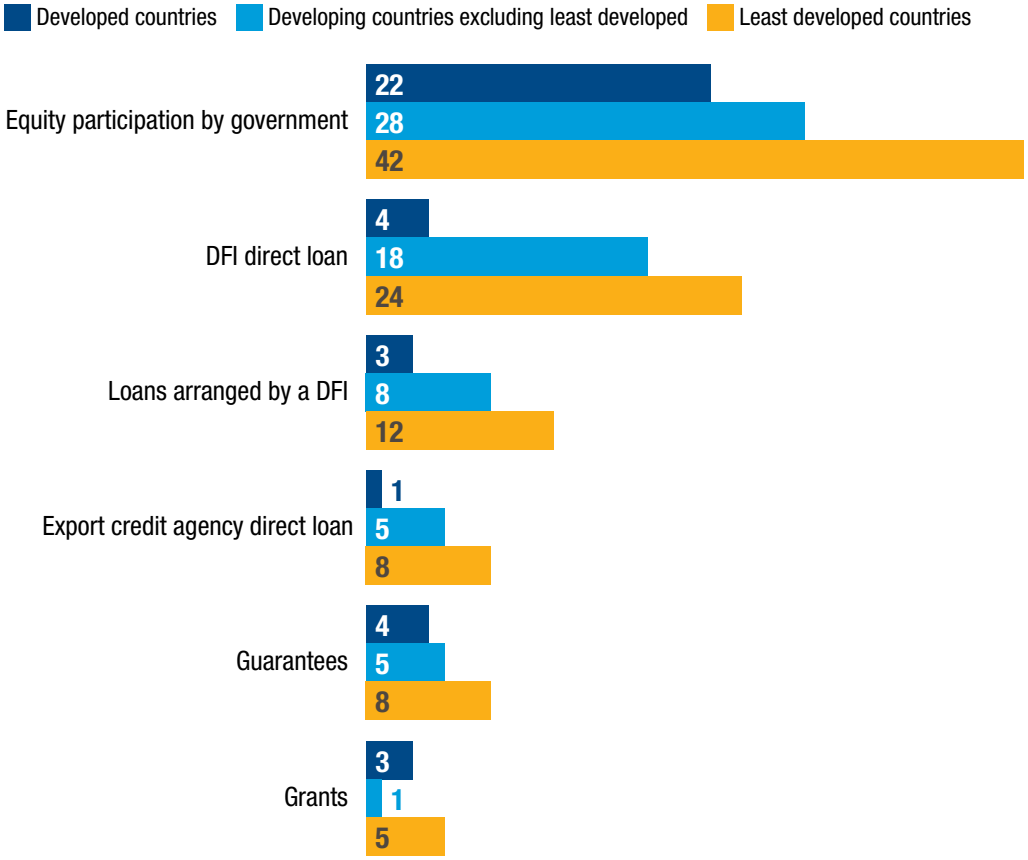
More than 40 per cent of international projects in LDCs involve public participation, compared with approximately 27 per cent in other developing countries (figure I.22). This share varies significantly by sector; for instance, nearly half of infrastructure projects that provide public services involve public sector participation (UNCTAD, forthcoming).

Development finance institutions including multilateral development banks and other bilateral development institutions play a vital role in mobilizing foreign private investment in infrastructure projects in developing economies. Their support may include concessional loans, grants, guarantees, technical assistance and help with organizing financing syndicates. These institutions directly finance nearly a quarter of infrastructure projects in LDCs and arrange about 12 per cent of the syndicated loans financing them. Through the organization of syndicated loans (referred to as the B tranche), they mobilize private investment by offering guarantees and, in some cases, extending their preferred creditor status to other syndicate participants. This risk mitigation and reduction in transaction costs can result in lower financing spreads.

Other actors also provide guarantees to cover commercial and political risks. Export credit agencies from the home countries of major sponsoring companies often step in to help attract other private investors. However, such guarantees are relatively limited in use, covering only about 8 per cent of projects in LDCs and less than 5 per cent in other developing countries.

These instruments – guarantees, concessional financing and syndication arrangements – should be deployed more frequently, particularly in LDCs, where the high perception of risk acts as a major deterrent to private investment. The scarcity of infrastructure projects that are fully privately owned and financed – less than a quarter of all international projects in these countries – highlights the urgent need for risk mitigation mechanisms. Political instability, weak regulatory frameworks, currency volatility and limited project preparation capacity contribute to investor hesitation (UNCTAD, 2025c; UNCTAD, 2025d).

Figure I.22
Partnership schemes and loans from development finance institutions are crucial for financing projects in least developed countries
Share of projects financed by selected institution types
(Percentage)



Source: UNCTAD, based on information from LSEG Data & Analytics.

Notes: Only projects financed by an international sponsor. DFIs include multilateral and bilateral development banks. Direct loans include parallel loans and A tranche loans. Loans arranged by a DFI include tranche B loans. Guarantees include commercial and policy risk guarantees. Grants include concessionary grants by DFIs or public institutions.

Abbreviation: DFI, development finance institution.

By expanding the use of risk-sharing instruments, development finance institutions and governments can enhance the bankability of projects, reduce financing costs and create more attractive conditions for private sector involvement.

e. Sectoral evolution

IPF used to focus largely on hard infrastructure and extractive industries. Since 2008, however, renewable energy has emerged as the dominant sector, accounting for more than half of all international projects over the past five years.

The number of extractive projects declined steadily during most of the 2010s but has rebounded recently, driven by increased demand for critical minerals (figure I.23).

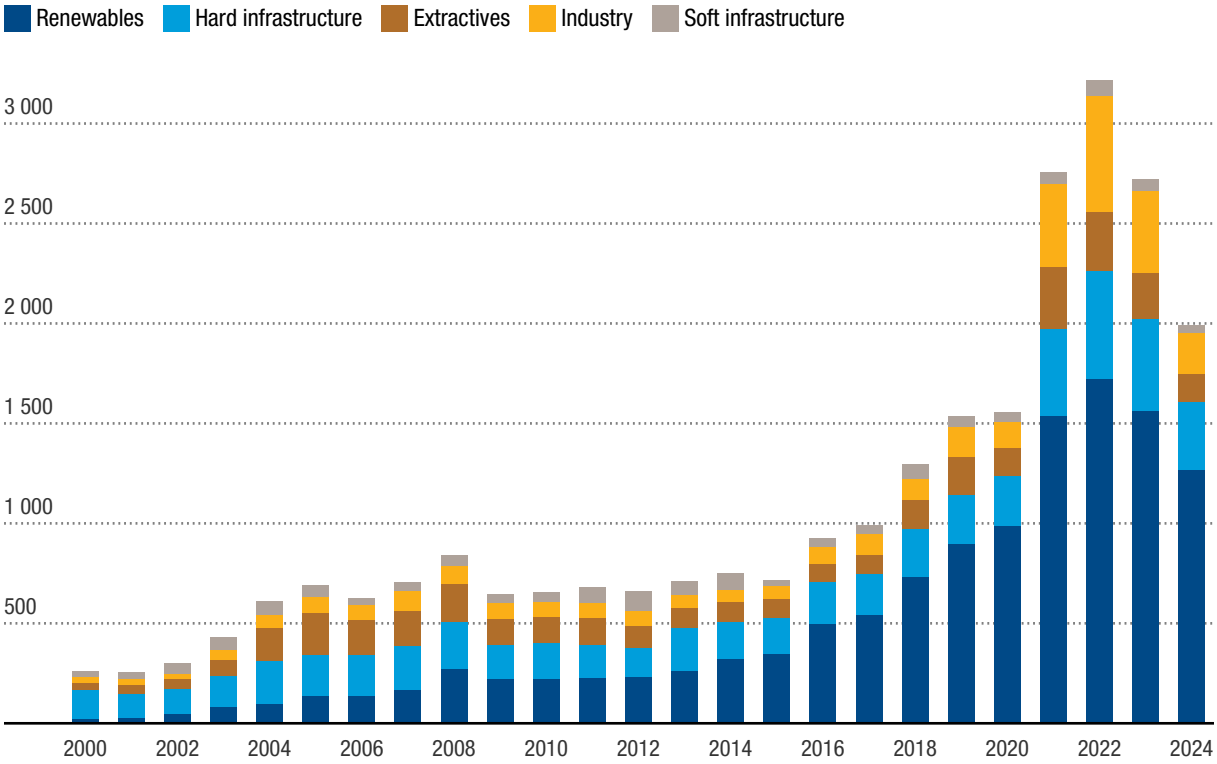
The growth in IPF observed after 2015 appears more closely connected to the Paris Agreement than to the adoption of the Sustainable Development Goals in the same year. Nearly all the growth has been driven by the renewables sector, which expanded at an average annual rate of 23 per cent. In contrast, investment in other Goals-related sectors grew more modestly: hard infrastructure

(e.g. transport and utilities) at 6 per cent and social infrastructure (e.g. health, education, water and sanitation) at just under 10 per cent. Within hard infrastructure sectors, telecommunications was the exception at 43 per cent; data centre projects have increased rapidly, especially in developed and advanced developing countries, positioning IPF as a key financing modality for digital infrastructure.

Sectoral patterns vary by income group. Developed economies leverage IPF for infrastructure modernization and for the energy transition. In Europe, in particular, renewable energy installations account for almost two thirds of projects, although project values are relatively low because of the relatively low average value of renewables projects. In developing economies, extractive industries and industrial and commercial real estate make up a larger share of IPF. In LDCs, where logistics, telecommunications and energy infrastructure are often underdeveloped, hard infrastructure projects account for a larger share – particularly since 2008.

Real estate projects in developing countries often support the mining, tourism and industrial sectors. Recently, there has been a marked increase in projects establishing large-scale manufacturing facilities in emerging sectors, including semiconductors, EVs, batteries and renewable energy components

Figure I.23
Since 2015 annual growth in renewables has surpassed that of all other sectors combined
Number of international project finance deals by sector



Source: UNCTAD, based on information from LSEG Data & Analytics.

Note: Hard infrastructure is that for power, telecommunications, transport, waste and recycling. Soft infrastructure is that for hospitals, schools, water and sanitation, and other social infrastructure (museums, stadiums, police and fire stations, defence, prisons). Industry refers to industrial and commercial real estate and agriculture. Extractives refers to oil and gas, mining and petrochemicals.

(e.g. manufacturing of solar panels and wind turbines), as well as the processing of critical minerals. This is an important development, indicating that project financing mechanisms are increasingly being used for industrial projects, in addition to traditional infrastructure and public services sectors. These projects have doubled in number over the past five years, with Chinese MNEs sponsoring about a quarter. SEZs also fall under this category. Their number has grown steadily across developing economies; there were about 50 SEZ-related projects in the last five years.

f. Geographical distribution

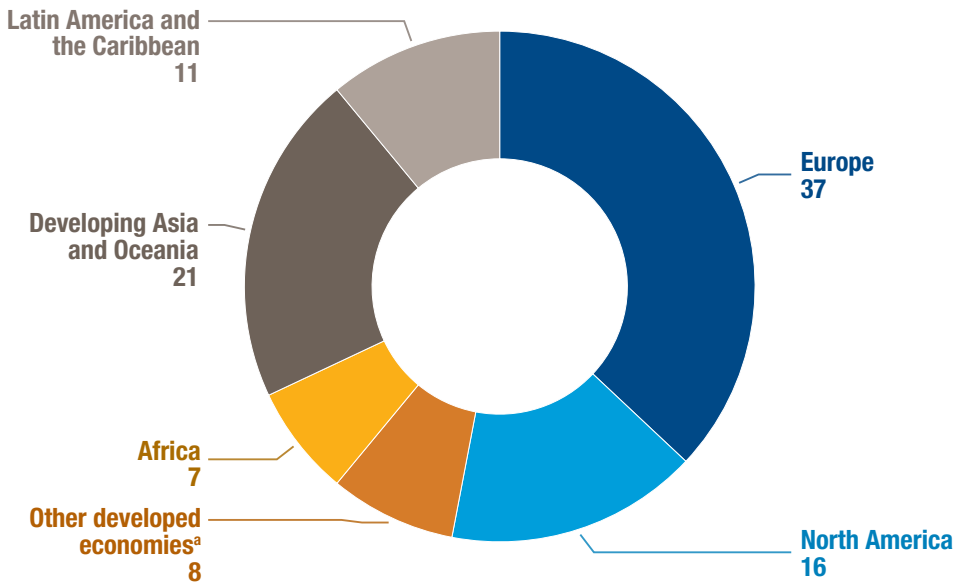
Since 2015, the number of IPF deals has increased across all regions, growing at an average annual rate of 18 per cent. However, growth has varied widely by region.

Developed economies experienced the fastest growth, averaging 24 per cent annually, largely driven by intra-European projects. Developing regions saw slower growth at 12 per cent, with developing Asia leading at 19 per cent. Growth in Africa and in Latin America and the Caribbean lagged, at 8 and 6 per cent, respectively.

Europe now accounts for more than one third of international projects (figure I.24), mainly due to intra-European initiatives led by large utilities and infrastructure multinationals such as Engie (France), Enel (Italy), Iberdrola (Spain) and ACS (Spain). Excluding intra-European deals, the share of Europe falls below 10 per cent.

Developing Asia has become a major hub for IPF deals, driven by significant infrastructure gaps, Goals-related investment needs – especially in renewables – and regional integration initiatives.

Figure I.24
Developing Asia and Europe are the main destinations for international project finance
Share of number of projects, 2022–2024
(Percentage)



Source: UNCTAD, based on information from LSEG Data & Analytics.

[a] Other developed economies are Australia, Israel, Japan, New Zealand and the Republic of Korea, as well as Bermuda.

It accounts for a fifth of international projects and about a third of global IPF values. Relatively high average values are a result of investment in large infrastructure projects and a continued high share of investment in extractives.

While IPF use in Africa has lagged that in other regions, greater participation by multilateral banks and private investors has begun to close the infrastructure financing gap, particularly in energy and transport. Africa now accounts for less than 10 per cent of IPF deals worldwide, but about 13 per cent of global IPF values. As in other developing regions, there is a relatively high share of projects in extractive industries.

Latin America and the Caribbean has traditionally attracted substantial IPF deals, particularly in energy and natural resources, but political and economic instability has constrained growth. The region accounts for 11 per cent of global IPF deals, but less than 10 per cent of deal values.

Since 2020, the share of total IPF flowing to developing countries has declined from more than 55 per cent before 2015 to about 40 per cent.

LDCs saw a peak in about 2015, sustained until 2019, but their share has since dropped to just 2 per cent of global projects.

IPF has also become more concentrated among developing countries. The top 10 host economies now attract more than half of international projects, up 10 percentage points since 2018 (figure I.25). Brazil, India and Chile now host more than 30 per cent of international projects in developing economies – double their pre-2018 share – driven by strong renewable energy programmes. In contrast, countries such as Mexico, Indonesia and China – in that order – have seen absolute growth in project numbers but a relative decline in share. The shift in China reflects its growing reliance on domestic capabilities in renewables.

Smaller and more vulnerable economies, particularly LDCs and SIDS, continue to be marginalized (table I.15). Since 2000, a total of 28 developing countries – mostly small island States and countries suffering political instability – have attracted three or fewer IPF projects. Factors such as small market size, high project costs, weak institutional capacity and poor credit ratings discourage investors and limit their participation in IPF.

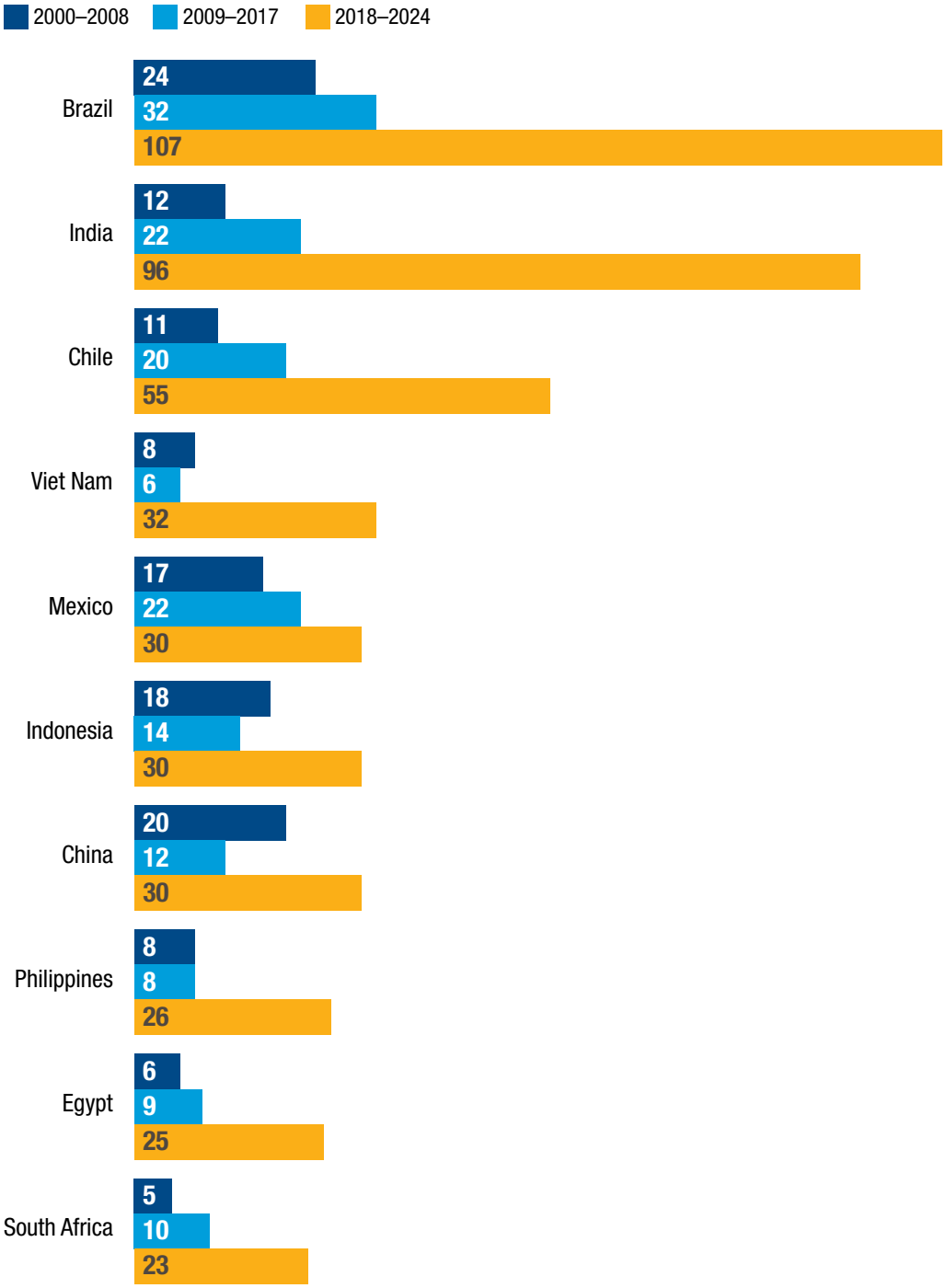
Table I.15
Developing economies with three or fewer international finance deals since 2000, by subgroup
(Number)

Grouping	Number of economies with three or fewer international projects since 2000	Total number of economies
Small island developing States	19	38
Least developed countries	11	44
Landlocked developing countries	4	32
Total	**28**[a]	

Source: UNCTAD, information from LSEG Data & Analytics.

[a] Total number of countries without double-counting. Some countries belong to more than one grouping.

Figure I.25
International project finance is increasingly concentrated in a few developing economies
Average yearly number of international project finance deals in developing economies in selected periods



Source: UNCTAD, based on information from LSEG Data & Analytics.

g. The top 100 international project finance investors

Historically, strategic sponsors – the companies that establish, own and lead project companies – have been non-financial firms in industries such as utilities, construction and extractives. These industries have traditionally dominated IPF because of their reliance on capital-intensive, long-term investment.

Major companies such as Engie and Total (both France), Shell (United Kingdom) and Enel (Italy) have ranked among the top sponsors since 2000. In recent years, utilities have become particularly prominent, driven by the surge in renewable energy projects. New players such as Masdar (United Arab Emirates) and ACWA Power (Saudi Arabia), in rank order, have gained traction, especially in emerging markets.

Over time, financial institutions – including investment funds, pension funds and private equity firms – have taken on more active roles. Beyond providing financing, many now hold equity stakes and contribute expertise in structuring, risk management and capital mobilization. Since 2018, nearly 40 of the top sponsors have been financial institutions, up from about 10 before the global financial crisis (figure I.26). In earlier years, the World Bank Group was among the top sponsors, often stepping in where private capital was scarce.

Today, the two most active international sponsors are the financial sector firms Macquarie Group (Australia) and Brookfield (Canada), which have been involved in 258 and 211 deals respectively since 2018. Their portfolios span energy, infrastructure and real estate, demonstrating both breadth and scale.

Pension funds have also expanded their sponsorship of infrastructure and renewable energy projects. The Ontario Teachers' Pension Plan, the Canada Pension Plan Investment Board and the Ontario Municipal Employees Retirement System are now among the top 50 international sponsors, drawn by the promise of stable returns and alignment with long-term sustainability goals.

The pursuit of stable and predictable returns has led financial sponsors to concentrate the majority of their investment in developed economies and a few of the most advanced developing countries. Of more than 150 projects backed by the three Canadian pension funds, only 22 were in middle-income developing economies and none in LDCs, with the majority concentrated in renewables in developed markets.

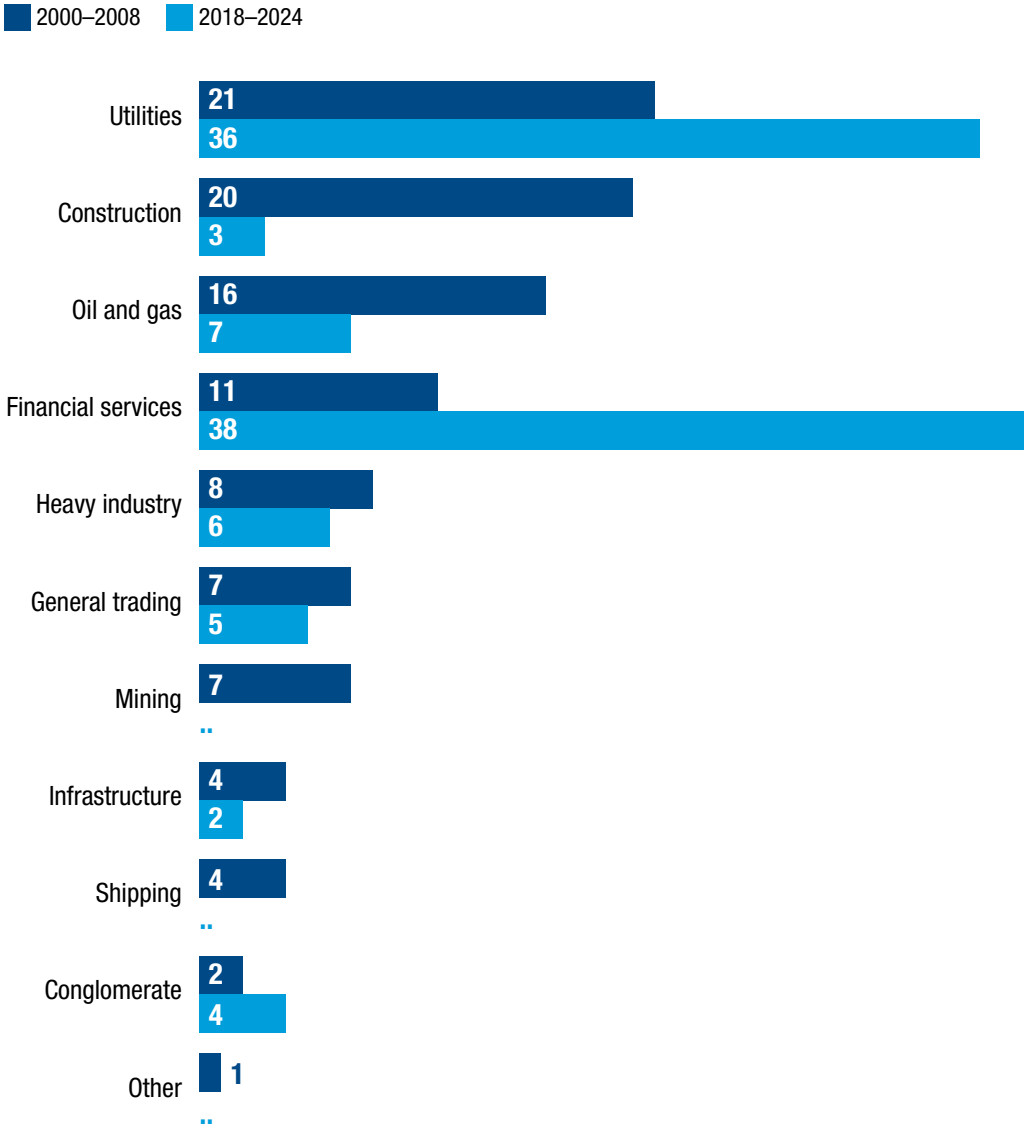
The investment strategies of financial sponsors are shaped by their pursuit of stable returns. As a result, they gravitate towards core infrastructure projects – such as utilities (electricity and water), telecommunications and transportation – which are typically regulated and offer predictable income streams. Within the electricity sector, they particularly favour renewable energy projects, attracted by both their financial stability and alignment with environmental and sustainability goals.

Financial investors tend to focus more on higher-income countries. Nevertheless, the top sponsors in developing countries increasingly include financial actors such as sovereign wealth funds – Dubai World (through DP World; United Arab Emirates) and GIC (Singapore) – as well as pension funds and other development finance institutions such as the World Bank Group, Norfund (Norway) and FMO (Netherlands).

In LDCs, sponsorship is more fragmented. Leading investors include Eni (Italy) and Al Nowais (United Arab Emirates), with 10 projects each since 2018. Masdar (United Arab Emirates) with nine projects, Power Construction Corporation of China (with eight) and Engie (France) (with seven) follow closely. Among development finance institutions, FMO and Africa Finance Corporation stand out, sponsoring five and four projects respectively in this period.

Figure I.26
Financial services companies are increasingly involved in sponsorship of projects

Primary industry of top 100 companies as ranked by number of international projects sponsored
(Number of companies)



Source: UNCTAD, based on LSEG Data & Analytics.

Note: Data cover 106 companies because several have the same number of projects.

* * *

Despite recent growth, IPF continues to face several challenges:

- Macroeconomic volatility: Global economic uncertainty, shifting interest rates, exchange rate volatility and inflationary pressures raise financing costs and dampen investor confidence.
- Regulatory and political risks: Policy changes, unstable regulatory environments and geopolitical tensions undermine project viability and deter investment.
- Debt sustainability: Sovereign debt distress affects credit ratings, and debt burdens linked to large-scale projects can strain public finances, particularly in developing economies.
- Climate and ESG risks: Growing emphasis on environmental, social and governance (ESG) standards is reshaping project evaluation. Stronger due diligence and compliance measures are now essential.

Looking ahead, IPF is expected to adapt and expand, with a stronger focus on sustainability, digital infrastructure and cross-border cooperation. Emerging tools such as blended finance, impact investing and digital platforms will likely enhance its reach and effectiveness, reinforcing its role in advancing global development goals.

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