



Promoting Foreign Direct Investment to LLDCs

Luncheon at the World Investment Forum 2018

25 October 2018, 1:15 to 2:45 pm

**Restaurant des Délégués, Palais des Nations - (8th Floor), Geneva,
Switzerland**

Concept note

The 32 landlocked developing countries (LLDCs) share common challenges due to their geographical location which affects their economic engagement with other countries. Many LLDCs find themselves marginalized from the world economy, cut-off from the global flows of knowledge, technology, capital and innovations, and unable to benefit substantially from external trade. This situation results in narrow production and export bases, leading to limited economic growth and persistent poverty in the LLDCs. Consequently, the LLDCs have a range of financing requirements.

In LLDCs with low domestic capital formation, foreign direct investment (FDI) is an important means to financing development. After five consecutive years of decline (2011–2016), FDI flows¹ to the 32 LLDCs rose by 3 per cent in 2017, to US\$23 billion. This modest increase still left total flows to LLDCs almost 40 per cent below the peak of 2011. Flows remain concentrated in a few LLDCs, with the top five hosts accounting for 66% of total flows to the group. Most FDI to LLDCs goes into extractive sectors—mining, quarrying and petroleum. Yet LLDCs can benefit from increased FDI directed to national development objectives, such as job creation, increased exports, value addition, export diversification, trade facilitation and technology transfer.

A key objective for LLDCs is therefore to attract and effectively target FDI in non-extractive sectors, particularly agriculture, so as to encourage job creation, infrastructure development, export diversification and structural transformation. Technical and capacity building assistance

¹ UNCTAD, *World Investment Report 2018: Investment and New Industrial Policies*, 2018.

need to be increased, for areas such as negotiating contracts, developing bankable projects, and investment facilitation.

As the LLDCs and their partners prepare to undertake the Comprehensive Midterm review of the Vienna Programme of Action (VPoA) for the LLDCs for the Decade 2014–2024 (VPoA)² in 2019, it is important to identify ways of encouraging FDI flows to LLDCs.

Objective

This meeting aims to provide an opportunity for different stakeholders, including LLDCs, development partners, business executives, and the United Nations system to take stock of progress and share successful experiences in promoting and facilitating FDI to LLDCs, identify constraints and suggest recommendations to help LLDCs to attract and optimally utilize FDI to support efforts towards achieving the SDGs. The meeting is expected to yield recommendations which will feed into the preparations of the Midterm Review of the VPoA for the LLDCs. This side event will also seek to identify potential collaboration opportunities between partners on increasing investments for sustainable development.

Issues to be discussed:

1. What are the policies for investment promotion and facilitation to promote FDI in LLDCs? What are successful initiatives that have worked well for LLDCs?
2. What are key sectors that LLDCs should focus investment promotion efforts on? What are effective policies and strategies to help LLDCs to target FDI flows to strategic sectors outside of the extractive sectors?
3. What areas of capacity building are needed to boost investment in LLDCs?
4. What are priority actions needed to include in the Midterm Review of the VPoA?

² As called for in General Assembly resolution 72/232.