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Foreign Direct Investment in LDCs: Lessons Learned from the Decade 2001–2010 and the Way Forward

PLUS
Investment Profiles

UNITED NATIONS
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NOTE

As the focal point in the United Nations system for investment and enterprise development, and building on over 30 years of experience in these areas, UNCTAD, through its Division on Investment and Enterprise (DIAE), promotes understanding of key issues, particularly matters related to foreign direct investment (FDI). DIAE also assists developing countries in attracting and benefiting from FDI, and in building their productive capacities and international competitiveness. The emphasis is on an integrated policy approach to investment, technical capacity-building and enterprise development.

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Developed countries: the member countries of the Organization for Economic Cooperation and Development (OECD) (other than Chile, Mexico, the Republic of Korea and Turkey), plus the new European Union member countries which are not OECD members (Bulgaria, Cyprus, Latvia, Lithuania, Malta and Romania), plus Andorra, Liechtenstein, Monaco and San Marino.

Transition economies: South-East Europe and the Commonwealth of Independent States.
Developing economies: in general all economies not specified above. For statistical purposes, the data for China do not include those for Hong Kong, China; Macao, China; and Taiwan Province of China.

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The boundaries and names shown and designations used on the maps presented in this publication do not imply official endorsement or acceptance by the United Nations.

The following symbols have been used in the tables:

- Two dots (..) indicate that data are not available or are not separately reported. Rows in tables have been omitted in those cases where no data are available for any of the elements in the row;
- A dash (–) indicates that the item is equal to zero or its value is negligible;
- A blank in a table indicates that the item is not applicable, unless otherwise indicated;
- A slash (/) between dates representing years, e.g., 1994/95, indicates a financial year;
- Use of an en dash (–) between dates representing years, e.g., 1994–1995, signifies the full period involved, including the beginning and end years;
- Reference to “dollars” ($) means United States dollars, unless otherwise indicated;
- Annual rates of growth or change, unless otherwise stated, refer to annual compound rates;

Details and percentages in tables do not necessarily add to totals because of rounding.

The material contained in this study may be freely quoted with appropriate acknowledgement.

PREFACE

Ten years ago, the world community adopted the Brussels Declaration and the Programme of Action for the Least Developed Countries (LDCs), providing a framework to accelerate economic growth and achieve sustainable development in LDCs. Yet, despite the fact that some of them enjoyed the world's highest and most sustained growth rates and they have development potential in general, more than half of their population still lives in absolute poverty. Their economic hardships are being compounded by the recent economic and financial crisis, increasing food and energy insecurity and climate variability.

UNCTAD has made comprehensive proposals for a new international development architecture for LDCs. The paradigm shift involves a more pro-active approach to developing productive capacities, which will require a better balance between markets and the State, and places production and employment at the heart of efforts to reduce poverty. This productive capacity approach gives greater emphasis to the promotion of investment, both domestic and foreign, while using aid to end, rather than reinforce, aid dependence.

Foreign direct investment (FDI) has played an important role in LDCs in the last decade, as it was a major contributor to the group's capital formation. FDI contributed towards promoting pro-poor growth and sustainable development, and reducing social and income disparities. However, the concentration of FDI in enclaves of export-oriented primary production with limited employment, technological and productivity linkages remains the main challenge in most LDCs.

The present report by UNCTAD, prepared on the eve of the Fourth United Nations Conference on the Least Developed Countries, aims to give readers a broad overview of the FDI trends in LDCs over the past decade, focusing on the challenges LDCs face in attracting and benefitting from FDI for developing their productive capacities and on what can be done to improve the situation in the light of our longstanding work on FDI at UNCTAD. This report provides useful analysis and insights for all stakeholders, and will contribute to designing new measures and strategies for achieving sustainable development in the LDCs.

The report was prepared by Masataka Fujita, Quentin Dupriez and Richard Bolwijn under the direction of James Zhan. Inputs were received from Tserenpuntsag Batbold, Astrit Sulstarova, Elisabeth Tuerk and Lorenzo Tosini. Significant comments were received from Padma Mallampally. Bradley Boicourt and Lizanne Martinez provided statistical assistance. Elisabeth Anodeau-Mareschal and Katia Vieu provided administrative support. It was desktop-published by Teresita Ventura.

Supachai Panitchpakdi
Secretary-General of UNCTAD

Geneva, April 2011

DEFINITION OF LEAST DEVELOPED COUNTRIES

Forty-eight countries are currently designated by the United Nations as "least developed countries" (LDCs). These are: Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, the Central African Republic, Chad, the Comoros, the Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, the Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, the Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Samoa, Sao Tome and Principe, Senegal, Sierra Leone, the Solomon Islands, Somalia, Sudan, Timor-Leste, Togo, Tuvalu, Uganda, the United Republic of Tanzania, Vanuatu, Yemen and Zambia. The list of LDCs is reviewed every three years by the Economic and Social Council of the United Nations, in the light of recommendations by the Committee for Development Policy.

The criteria underlying the current list of LDCs are:

(a) A low-income criterion, as measured by the gross national income (GNI) per capita;

(b) A weak human assets criterion, as measured by a composite index (the Human Assets Index) based on indicators of (i) nutrition (per capita calorie intake as a percentage of the relevant requirement); (ii) health (child mortality rate); (iii) school enrolment (secondary school enrolment ratio); and (iv) literacy (adult literacy rate); and

(c) An economic vulnerability criterion, as measured by a composite index (the Economic Vulnerability Index) based on indicators of (i) instability in agricultural production; (ii) instability in exports of goods and services; (iii) the economic importance of non-traditional activities (share of manufacturing and modern services in GDP); (iv) economic concentration (UNCTAD's merchandise export concentration index); and (v) economic smallness (population in logarithm).[1]

Different thresholds are used for addition to, and graduation from, the list of LDCs. A country qualifies for addition to the list if it meets inclusion thresholds on all three criteria, and if its population does not exceed 75 million. A country qualifies for graduation from LDC status if it meets graduation thresholds under at least two of the three criteria in at least two consecutive triennial reviews of the list.

At the time of the 2009 triennial review of the list of LDCs, the low-income threshold for addition to the list was a GNI per capita of $905, and the threshold for graduation was $1,086.

Source: UNCTAD, *The Least Developed Countries Report 2010* (New York and Geneva: United Nations), United Nations publication, sales no. E.10.II.D.5.

[a] As a supplement to data on the instability of agricultural production, the percentage of population displaced by natural disasters has been added to these five components, thereby creating a modified Economic Vulnerability Index.

ABBREVIATIONS

ABB	Asian Development Bank
AGOA	African Growth and Opportunity Act (United States of America)
BIT	bilateral investment treaty
CREFAA	Convention on the Recognition and Enforcement of Foreign Arbitral Award
CSR	corporate social responsibility
DTT	double taxation treaty
EBA	everything but arms
EU	European Union
FDI	foreign direct investment
FTA	free trade agreement
GATS	General Agreement on Trade in Services (WTO Agreement)
GCC	Gulf Cooperation Council
GDP	gross domestic product
GFCF	gross fixed capital formation
GMS	Greater Mekong Subregion
ICSID	International Centre for Settlement of Investment Disputes
IIA	international investment agreement
IPA	investment promotion agency
IPR	intellectual property rights
LDC	least developed country
UNLDC–IV	Fourth United Nations Conference on the Least Developed Countries
M&A	merger and acquisition
MIGA	Multilateral Investment Guarantee Agency
NEPAD	New Partnership for Africa's Development
ODA	official development assistance
PPP	public–private partnership
SADC	Southern African Development Community
SME	small and medium-sized enterprise
TNC	transnational corporation
TRIMS	Agreement on Trade-Related Investment Measures (WTO Agreement)
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights (WTO Agreement)
ult.	ultimate
UNFCCC	United Nations Framework Convention on Climate Change
WAIPA	World Association of Investment Promotion Agencies
WTO	World Trade Organization

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INTRODUCTION

Some 850 million people, or 12 per cent of the world's population, live in the 48 least developed countries (LDCs). These countries are the world's poorest, with per capita GDP under $1,086, and with low levels of capital, human assets, exports and technological development.

The Programme of Action of the Least Developed Countries for the Decade 2001-2010 adopted at the Third United Nations Conference of the Least Developed Countries in 2001 in Brussels stated that foreign direct investment (FDI) was an important source of capital formation, know-how, employment generation and trade opportunities for LDCs and called for accelerating FDI inflows into these countries. Since 2001, both LDC governments and their development partners have indeed pursued proactive FDI promotion policies. Although there was an abrupt interruption of the secular trend in 2009, FDI flows to LDCs grew at an annual rate of 15 per cent during 2001-2010 as a whole to reach an estimated $24 billion by 2010, compared with $7.1 billion in 2001, and their share in global FDI flows rose from 0.9 per cent to over 2 per cent.

The Brussels Declaration contained 30 international development goals for LDCs, including the attainment of an investment to GDP ratio of 25 per cent and an annual GDP growth rate of at least 7 per cent in order to achieve sustainable development and poverty reduction in LDCs. The Brussels goal of 7 per cent growth is being achieved by LDCs as a group and by 15 LDCs individually (UNCTAD, 2010, p 5).[1] However this improved performance has been the result of an exceptional boom in international commodity prices and was not broad-based across LDCs. Furthermore, their per capita GDP growth is modest and is lagging behind that of other developing countries. Indeed 11 LDCs even saw their per capita income decline (UNCTAD, 2010, p 5).[2]

Moreover, today´s LDC level of total investment at about 20 per cent of GDP falls short of the Brussels Plan of Action (BPoA) target to support the sustained growth needed for development and poverty reduction. At the same time, the savings of LDCs, excluding oil exporters, have remained at the level of 10 per cent of GDP (UNCTAD, 2010. p IV). If higher saving oil exporters are excluded, the external resource gap of LDCs increased from 9 per cent of GDP in 2001 to 14 per cent in 2008 (UNCTAD, 2010, p 10). Therefore, the role of FDI remains critical for financing investment in LDCs. FDI, moreover, has the potential for providing a package of resources, including technology and management know-how, in addition to capital, that could be of particular benefit to LDCs.

This study is divided into two parts. The first part deals with the analysis of the trends in FDI flows and stock in LDCs as well as policy developments concerning FDI at the national and international levels over the last decade, in particular since BPoA was adopted at the third conference of the LDCs. By detailing FDI trends by industry and country of origin, and by mode of entry, and examining the impacts of FDI on LDC economies since the last conference, the study draws some major observations and highlights some shortcomings from the past decade (2001-2010). A plan of action to increase FDI and enhance its development impact in the next decade is suggested. It proposes concrete steps to address the shortcomings of the past decade and recommends new actions for implementation by LDC Governments, development partners and the private sector. The second part presents 48 individual country profiles that provide comprehensive data and information on FDI in a concise manner for the use of policymakers, academics and investors.

PART ONE:
Trends, issues and a plan of action

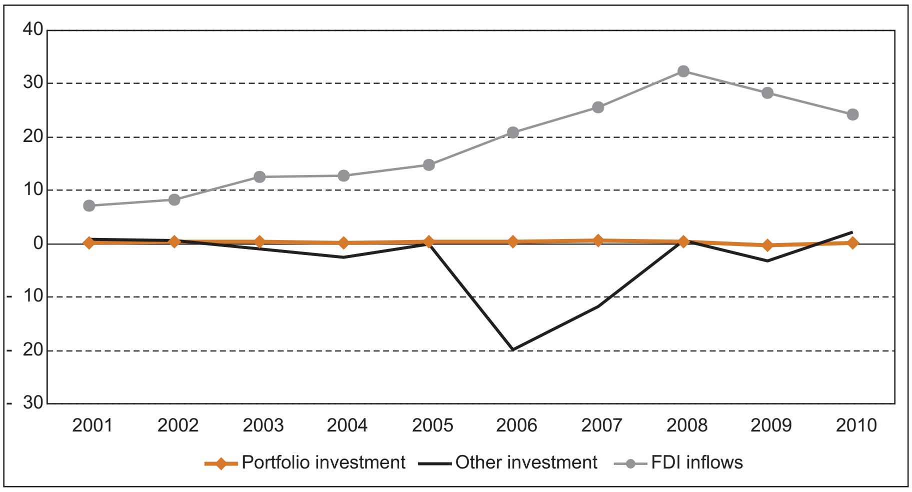
I. FDI TRENDS IN LDCs, 2001–2010

1. Trends in FDI

a. The importance of FDI

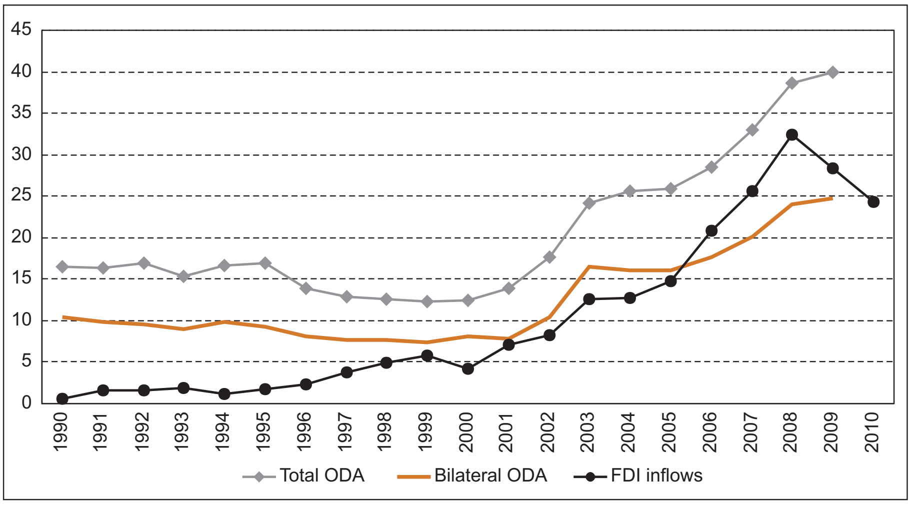
In the past decade (2001–2010) FDI inflows have been the most important external private capital flows for LDCs, exceeding foreign portfolio and other investments combined (figure I.1). While they still remain below the level of total official development assistance (ODA) flows, they have been larger than bilateral ODA (that is, ODA excluding ODA from multilateral organizations) from 2006 (figure I.2). In the period 1990-2009, in 13 LDCs FDI increased while bilateral ODA decreased.

Figure I.1. Private capital flows to LDCs, 2001–2010
(Billions of dollars)



Source: UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics) (for FDI inflows) and IMF (for portfolio and other investments).
Note: Data for 2010 are estimates. Other investment includes mainly bank lending.

Figure I.2. FDI inflows and ODA flows to LDCs, 1990–2010
(Billions of dollars)

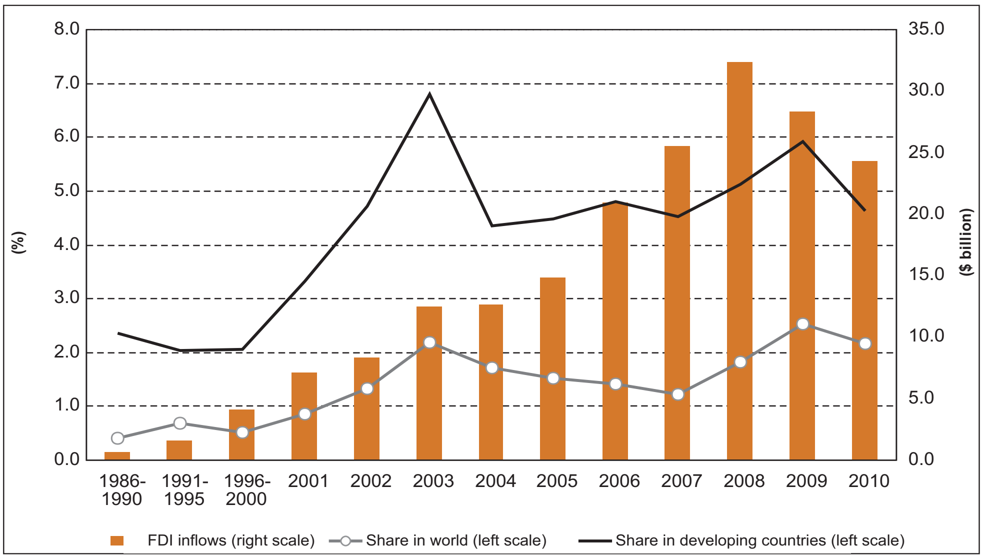


Source: UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics) (for FDI inflows) and OECD (for ODA flows).
Note: FDI data for 2010 are estimates.

FDI inflows to LDCs, at an estimated $24 billion in 2010, account for a tiny portion of both global FDI and FDI inflows to the developing world (at 2 per cent and 5 per cent respectively in 2010) (figure I.3). Despite the relatively modest flows they are a major contributor to capital formation in LDCs because of their higher share in LDCs' total investment. This contribution of FDI to LDCs' capital formation has increased in the first decade of the twenty-first century. While FDI flows were equivalent to only 20 per cent of gross fixed capital formation (GFCF) at the start of the decade, they reached 28 per cent in 2008, though they declined in the last two years (2009-2010) (figure I.4). They are much higher in the case of African LDCs, as well as some individual countries (Angola 63 per cent, Madagascar 65 per cent, Niger 43 per cent).

Figure I.3. FDI inflows to the LDCs and their share in world inflows and developing-country inflows, 1986–2010

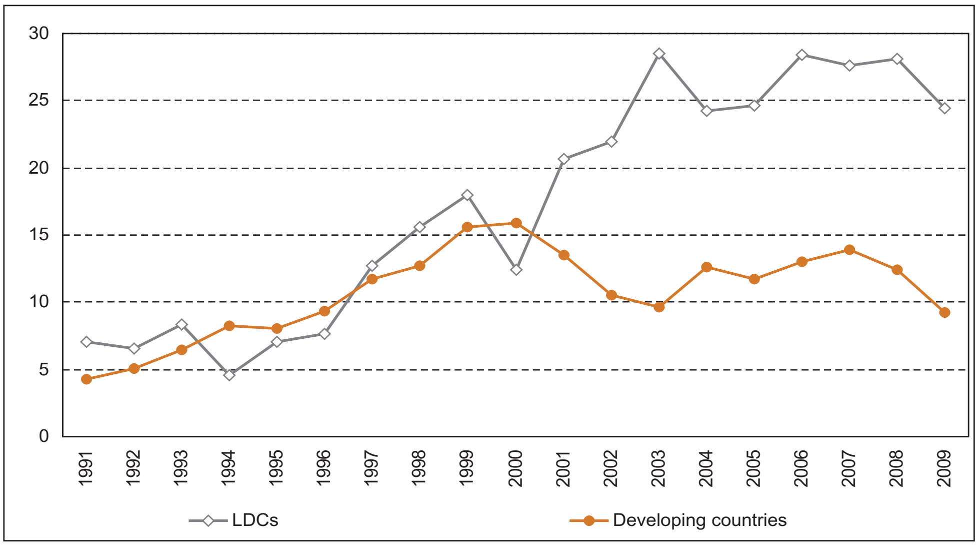
(Billions of dollars and per cent)



Source: UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics).
Note: Data for 2010 are estimates.

Figure I.4. FDI inflows as a percentage of gross fixed capital formation in LDCs and developing countries, 1991–2010

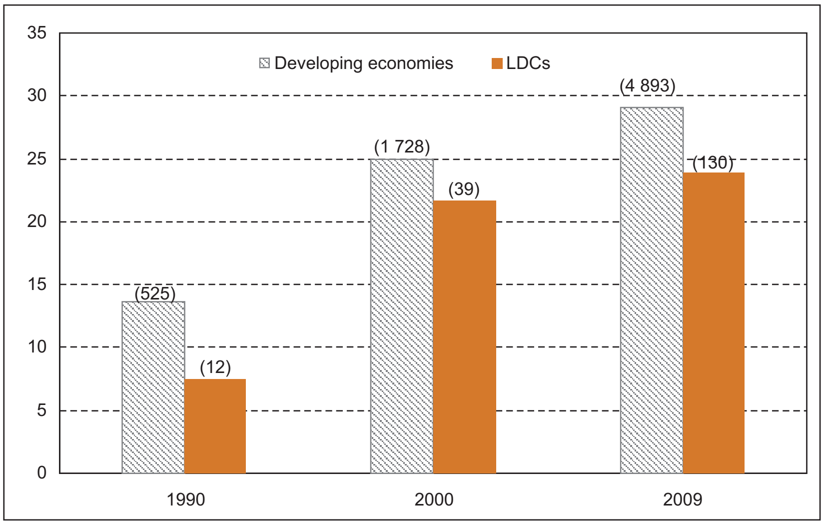
(Per cent)



Source: UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics).
Note: Data for 2010 are estimates.

Attracting FDI is one of the key strategies of LDCs in achieving the 7 per cent economic growth target put forward by the BPoA. The pace of FDI flows to LDCs grew spectacularly until 2008 on the back of host-country economic reforms, following the relatively slow progress in the 1990s (figure I.3). However, after the economic and financial crisis, flows began to decline despite rising commodity prices and the participation of new investors from within the developing world. The stock of inward FDI, on the contrary has risen continuously throughout the period, attaining $154 billion in 2010 (annex table 2), as well as in terms of GDP (figure I.5).

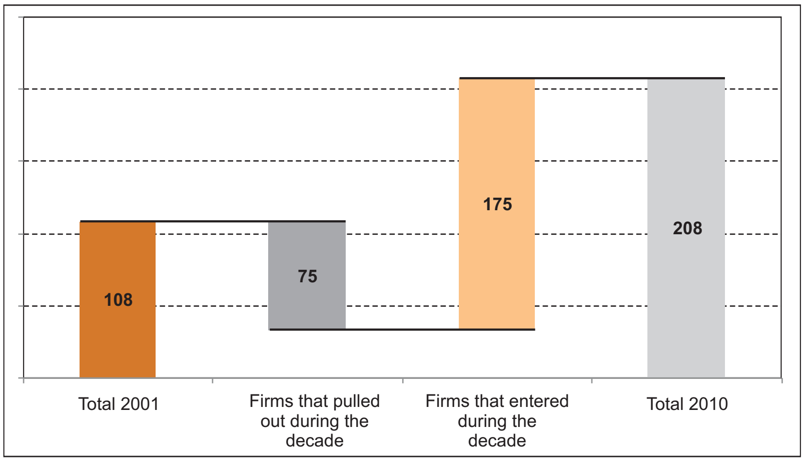
Figure I.5. FDI stock in LDCs as a percentage of GDP, 1990–2009
(Per cent and billions of dollars)



Source: UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics).
Note: Figures in brackets refer to the value of inward stock in billion dollars.

FDI does play an important role in LDCs and this importance has grown over the past decade, as evidenced by the expanding presence of the largest transnational corporations (TNCs) such as the Fortune 500 companies in LDCs which doubled their presence in the past decade (table I.1 and figure I.6). Impressive was the rise of presence of these global TNCs that invested in Mozambique, Malawi, Bangladesh and Uganda. However, some of these TNCs pulled out from LDCs – equivalent to disappearance of 75 affiliates from LDCs during the past decade (figure I.6), showing another aspect of FDI in LDCs that is also often unsustainable and footloose. Nevertheless, over this decade, these global TNCs newly established 175 affiliates in LDCs, contributing to a rise of their presence (figure I.6).

Figure I.6. Presence of Fortune Global 500 firms in 48 LDCs, variation between 2001 and 2010



Source: UNCTAD, based on table I.1 of this study. Based on movements in and out of individual countries, not LDCs as a group.

During the last decade, FDI inflows have risen in LDCs across all regions (figure I.7). The decline in flows, as a consequence of the global economic and financial crisis, by 12 per cent in 2009 to $28 billion and again in 2010 by 14 per cent to $24 billion, was felt most in Asian LDCs, where FDI inflows were nearly halved.

Today's level of total investment at 20 per cent of GDP, although higher than the 17 per cent that prevailed in the 1990s, falls short of the BPoA target and is insufficient to support the sustained growth needed for development and poverty reduction. The decline in FDI inflows to LDCs in

Table I.1. Presence of Fortune Global 500 firms in LDCs, 2001 and 2010

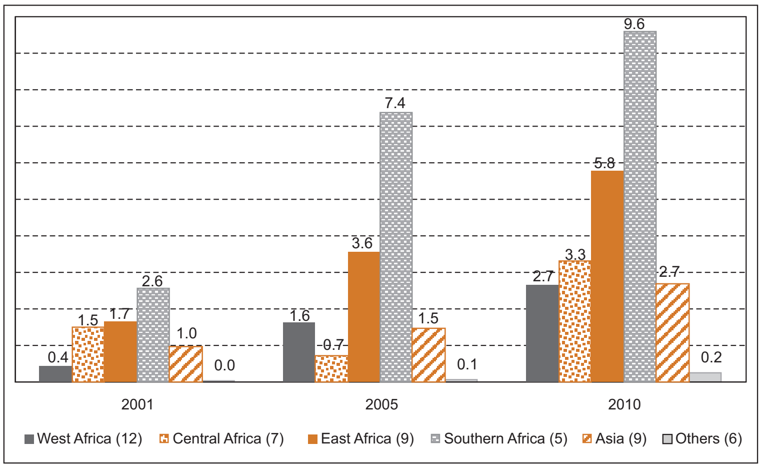
Economy	2001	No	2010	No
Afghanistan	None.	0	Wells Fargo, ABB, Royal Dutch Shell, Siemens	4
Angola	ABB, Chevron, Imperial Chemical Industries, Johnson & Johnson, Phillips Petroleum, Pfizer, Texaco, Total Fina Elf, Toyota Tsusho, Suez, Sodexho Alliance	11	A.P. Moller-Marsk, Total, BP, Banco Santander, Royal Dutch Shell, HSBC, ABB, Akzo Nobel, Bouygues, Deutsche Post, Nestlé, Sodexo, Sumitomo Corporation, Vinci	14
Bangladesh	Akzo Nobel, BASF, GlaxoSmithKline, Nestlé, Nippon Express, Pfizer, Unilever Roche Group	7	Unilever, Merck, GlaxoSmithKline, American Express, BASF, Siemens, Ricoh, Bank of Nova Scotia, Marubeni Corporation, Mitsubishi, Mitsui, Nippon Express, Novartis, State Bank of India	14
Benin	Bouygues, Groupe Pinault-Printemps, Barclays	3	A.P. Moller-Marsk, Deutsche Post, Royal Dutch Shell, Veolia Environnement	4
Burkina Faso	Groupe Pinault-Printemps	1	Imperial Tobacco, A.P. Moller-Marsk, Veolia Environnement	3
Burundi	Citigroup	1	A.P. Moller-Marsk	1
Cambodia	Sumitomo, Toyota Tsusho	2	British American Tobacco, Suzuki Motors, Alcatel-Lucent, Mitsui, Deutsche Post, Toyota Tsusho	6
Central African Rep.	Bouygues, Fortis, Groupe Pinault-Printemps	3	Allianz	1
Chad	Groupe Pinault-Printemps	1	None.	0
Congo, Dem. Rep. of	BNP Paribas, Total Fina Elf, Unilever	3	British American Tobacco, Eni, BNP Paribas, Fiat	4
Djibouti	BNP Paribas	1	China State Construction Engineering Corporation, Total	2
Equatorial Guinea	Exxon Mobil	1	Schlumberger, Noble Energy, Bouygues, Exxon Mobil	4
Eritrea	None.	0	A.P. Moller-Marsk	1
Ethiopia	BASF, Bayer, E.I. du Pont de Nemours, Mitsubishi	4	Royal Dutch Shell, ABB, Siemens, BASF, Mitsui	5
Gambia	Groupe Pinault-Printemps	1	ABB	1
Guinea	Crédit Lyonnais, Groupe Pinault-Printemps, Nestlé	3	Rio Tinto, Holcim, Nestlé, A.P. Moller-Marsk, BNP Paribas	5
Haiti	None.	0	Chevron Corporation, Verizon Communications, Nestlé, Deutsche Post	4
Kiribati	None.	0	Australia And New Zealand Banking Group Limited	1
Lao People's Dem. Rep.	None.	0	Allianz, Deutsche Post, Hochtief, Royal Dutch Shell, Sodexo	5
Lesotho	None.	0	Vodafone Group	1
Liberia	Marubeni, Mitsui, Nissho Iwai, Mitsubishi, Nissan	5	Mitsui, A.P. Moller-Marsk, BP, Sumitomo	4
Madagascar	Aventis, Crédit Lyonnais, Société Générale, Groupe Pinault-Printemps	4	Imperial Tobacco, Sanofi-Aventis, Royal Dutch Shell, BNP Paribas, A.P. Moller-Marsk, Bouygues, Rio Tinto, Société Lafarge	8
Malawi	None.	0	Metro, Unilever, A.P. Moller - Marsk, BASF, Bayer, Compass Group, Deutsche Post, J.P. Morgan Chase, Société Lafarge	9
Mali	Bouygues, Groupe Pinault-Printemps, BHP	3	Allianz, Michelin, BNP Paribas, Cie Financiere Participations Roullier, Royal Dutch Shell, Veolia Environnement	6
Mauritania	Anglo American, Total Fina Elf	2	ABB, A.P. Moller - Marsk, Total, Vivendi	4
Mozambique	Pfizer	1	A.P. Moller-Marsk, Alcatel-Lucent, Bayer, Bt Group, Maruha Nichiro Holdings, Mitsubishi, Randstad Holding, Rio Tinto, Siemens, Total, Vattenfall, Vodafone Group	12
Myanmar	Sumitomo, Mitsui, Toyota Tsusho, Suzuki, Tomen	5	Bayer, Lufthansa, Marubeni-Itochu, Mitsubishi, Posco, Siemens, Suzuki Motors, Toyota Tsusho, Wilmar	9
Nepal	Aventis, Mitsui Fudosan	2	Sanofi-Aventis, Unilever, A.P. Moller-Marsk, American Express, Mitsui	5
Niger	Groupe Pinault-Printemps	1	A.P. Moller-Marsk, Total	2
Rwanda	Unilever, Royal Dutch Shell	2	A.P. Moller-Marsk, Reliance Industries	2
Samoa	British American Tobacco, Mitsubishi	2	None.	0
Senegal	Aventis, Groupe Pinault-Printemps, Nestlé, Total Fina Elf, Bouygues, BNP Paribas, Crédit Lyonnais	7	ABB, Air France-KLM, Allianz, BNP Paribas, Citigroup, Eiffage, Michelin, Mitsubishi, Novartis, Royal Dutch Shell, Sanofi-Aventis, Siemens	12
Sierra Leone	Astrazeneca	1	Astrazeneca, A.P. Moller-Marsk	2
Solomon Islands	None.	0	Westpac Banking Corporation, Royal Dutch Shell, Sumitomo	3
Sudan	Daewoo	1	Royal Dutch Shell, Merck, A.P. Moller-Marsk	3
Togo	Groupe Pinault-Printemps	1	A.P. Moller-Marsk, Air France - KLM, Allianz	3

Table I.1. Presence of Fortune Global 500 firms in LDCs, 2001 and 2010 (concluded)

Economy	2001	No	2010	No
Uganda	Aventis, Astrazeneca, Barclays, British American Tobacco	4	ABB, Astrazeneca, Barclays, Bayer, Deutsche Post, Henkel, Kgaa, Henkel Polymer Company Limited, Société Lafarge, Toyota Tsusho, Unilever	11
United Rep. of Tanzania	Anglo American, Japan Tobacco, GlaxoSmithKline, Henkel, Matsushita Electric, Mitsubishi, Unilever	7	Barclays, Bayer, Citigroup, Deutsche Post, GlaxoSmithKline, Henkel, Kgaa, Mitsubishi, Pfizer, Reliance Industries Limited, Société Lafarge, Unilever, Vodafone Group	13
Vanuatu	AT&T, Barclays, BHP, BNP Paribas, Société Générale, Suez, Toyota Tsusho	7	Australia and New Zealand Banking Group Limited, Barclays, Conocophillips, Gdf Suez, Ge Capital Mortgage Insurance Corporation, Hsbc Holdings, Toyota Tsusho	7
Yemen	Astrazeneca, Occidental Petroleum, Total Fina Elf	3	Marubeni Corporation, Cie Gen De Geophysique-Veritas	2
Zambia	Anglo American, Astrazeneca, Eni, NEC, Pfizer, Barclays, Mitsubishi, Toyota Tsusho	8	Astrazeneca, Barclays, British American Tobacco, Chevron, Citigroup, Deutsche Post, Hitachi, Pfizer, T & D Colours & Commodities, Tata International Limited, Toyota Tsusho	11

Source: UNCTAD, based on investment profiles of this report and UNCTAD 2001.

Figure I.7. FDI inflows in LDCs by host subregion, 2001, 2005 and 2010
(Billions of dollars)



Source: UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics).
Note: East Africa includes Sudan. Others refer to 5 countries in Oceania and Haiti. Data for 2010 are estimates.

2009-2010, due to the crisis was an abrupt interruption of the secular trend. The slow FDI recovery in LDCs, compared to other developing countries is a matter of grave concern as FDI is a major contributor to LDCs' capital formation. This is especially so in African LDCs, where the share of FDI flows in gross fixed capital formation was as high as 34-35 per cent in most of the past decade. Improving this situation as part of the effort to achieve sustainable poverty-reducing growth in LDCs is one of the pressing challenges facing the Fourth United Nations Conference on the Least Developed Countries (UNLDC–IV).

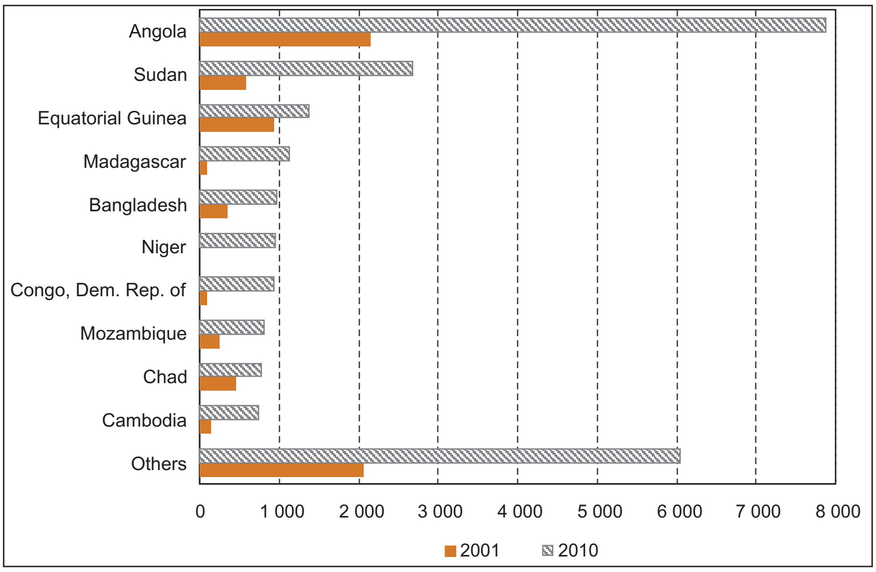
b. Geographic and sectoral distribution

The distribution of FDI flows among LDCs remains uneven. In recent years over 80 per cent of the flows went to resource-rich economies in Africa, while inflows have stagnated or even declined in such countries as Bhutan, Burkina Faso, Djibouti and Mauritania. The concentration in a limited number of resource-rich countries has risen over the past decade.

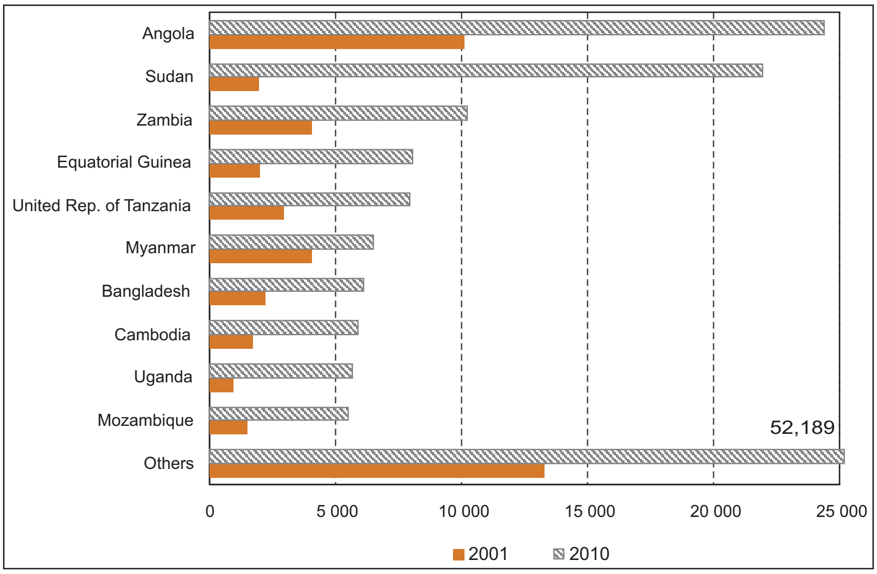
As shown in figure I.8, ten countries (Angola, Sudan, Equatorial Guinea, Zambia, United Republic of Tanzania, Myanmar, Cambodia, Bangladesh, Uganda and Mozambique in that order) had FDI stocks of more than $5 billion as of 2010, accounting for two-thirds of the total inward stock in all LDCs. Four mostly natural resources-exporting countries – Angola, Equatorial Guinea, Sudan and Zambia – received over half of total FDI into LDCs. Country rankings in 2001 and 2010 point to the fact that FDI has largely targeted extraction industries such as oil and mineral resources.

Figure I.8. FDI inflows and inward stock, top 10 host LDCs,[a] 2001 and 2010
(Million of dollars)

(a) FDI inflows, 2001 and 2010



(b) FDI inward stock, 2001 and 2010



Source: UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics).
[a] Ranked on the basis of the magnitude of 2010 FDI.
Note: Data for 2010 are estimates.

While in Asian LDCs services industries such as telecommunications and electricity have attracted most foreign investments, in Africa extraction activities account for the lion's share of inflows to LDCs. Many large FDI projects are in the form of greenfield and expansion projects prospecting for reserves of base metals and oil (table I.2). Large services FDI projects (e.g. telecommunications) were mainly through mergers and acquisitions (M&As) (table I.3).

Although it showed a marginal rise in the past two decades, investment in the manufacturing sector in Africa has remained low, mainly because of a lack of political stability and availability of skilled workers. The domestic business environment in Africa has not been considered favourable for large scale investment in the manufacturing sector (UNCTAD, 2009). Also, the low performance

Table I.2. The 10 largest greenfield FDI projects in LDCs, announced in 2003–2010

Rank	Name of company	Estimated amount ($ million)	Estimated number of jobs created	Year	Home country	Host country	Sector
1	Total	9 000	2 013	2009	France	Angola	Coal, oil and natural gas
2	Chevron Corporation	8 300	1 967	2004	United States	Angola	Coal, oil and natural gas
3	Ayr Logistics	5 500	1 267	2008	United States	Mozambique	Coal, oil and natural gas
4	Tullow Oil	5 000	1 119	2010	United Kingdom	Uganda	Coal, oil and natural gas
5	Woodside Petroleum	4 000	895	2003	Australia	Timor-Leste	Coal, oil and natural gas
6	Chevron Corporation	3 800	-	2008	United States	Angola	Coal, oil and natural gas
7	CITIC Group	3 535	3 000	2008	China	Angola	Real estate
8	Total	3 400	806	2003	France	Angola	Coal, oil and natural gas
8	ExxonMobil	3 400	806	2004	United States	Angola	Coal, oil and natural gas
9	Sumitomo Group	3 300	3 000	2007	Japan	Madagascar	Metals
10	ExxonMobil	3 000	839	2003	United States	Angola	Coal, oil and natural gas

Source: UNCTAD, based on information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com).
Note: Data for value of greenfield FDI projects refer to estimated amounts of capital investment.

Table I.3. The 10 largest cross-border M&A deals in LDCs, 1990–2010

Rank	Acquired company	Industry of the acquired company	Host country	Ultimate acquiring company	Ultimate home country	Value ($ million)	Year
1	Devon Energy Corp.	Crude petroleum and natural gas	Equatorial Guinea[a]	GEPetrol	Equatorial Guinea	2 200	2008
2	Heritage Oil Ltd.	Crude petroleum and natural gas	Uganda	Tullow Oil PLC	United Kingdom	1 500	2010
3	MobiTel	Radiotelephone communications	Sudan	MTC Kuwait	Kuwait	1 332	2006
4	Block 32 Offshore	Crude petroleum and natural gas	Angola	Pride International Inc	United States	1 300	2010
5	CMS Energy Corp	Crude petroleum and natural gas	Equatorial Guinea	Marathon Oil Co	United States	993	2002
6	Bashair Telecom Co Ltd.	Telephone communications	Sudan	Investcom	Lebanon	806	2006
7	Greater Nile Petroleum Operating Co.	Crude petroleum and natural gas	Sudan	Oil & Natural Gas Corp	India	768	2003
8	DRC Resources Holdings Ltd.	Ferroalloy ores, except vanadium	Congo, Dem. Rep. of	Central African Mining & Expl	United Kingdom	732	2008
9	Spacetel Yemen	Radiotelephone communications	Yemen	Investcom	Lebanon	716	2006
10	Vanship Holdings Ltd.	Deep sea foreign transport	Liberia	Navios Maritime Holdings	Greece	587	2010

Source: UNCTAD cross-border M&A database (www.unctad.org/fdistatistics).
[a] The ultimate host country is the United States.

of investors in the manufacturing sector was possibly due to gradual liberalization of trade in major markets which has eroded the preferential market access of LDCs; and the end of some agreements has created added uncertainty.

Some industries such as food, beverages and tobacco have been targeted by foreign investors. The business performance of a sample of TNC investments in non-oil and non-mineral extracting industries has been improved during the 2000s (UNIDO, 2007).[3] In the services sector, relatively high investment has been seen in sectors such as transport, storage, communications, and hotels and restaurants – a number of which are labour-intensive industries (table I.4; annex tables 7, 8, 11 and 13). The nature of TNC involvement in the domestic-market-oriented tertiary industries is largely confined to marketing and sales and financial intermediation, where the scope of employment is relatively high for skilled workers and professionals and relatively less for unskilled workers.

Table I.4. Industrial distribution of FDI flows in selected African LDCs, various years
(Per cent)

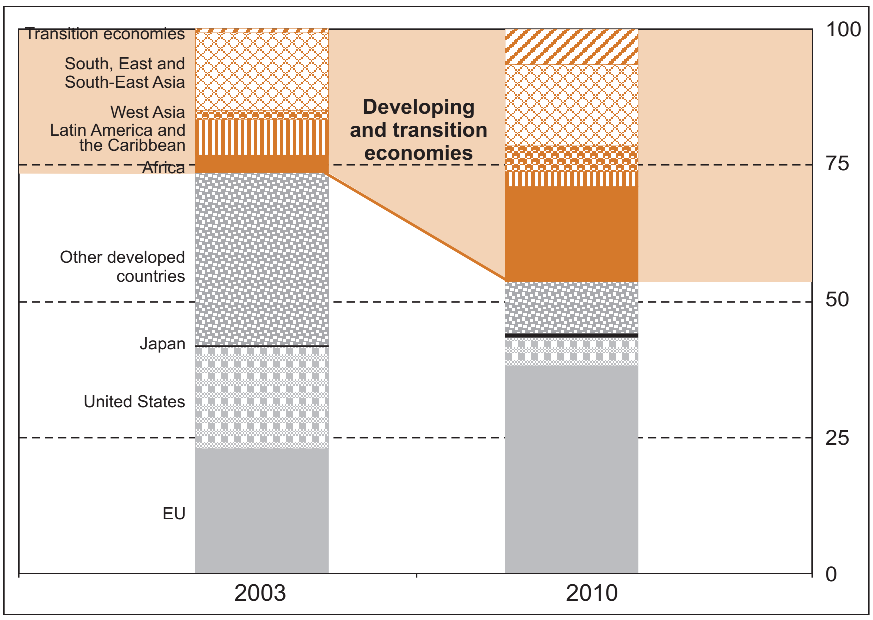
	Madagascar		Malawi		Mauritania		Mozambique		United Republic of Tanzania	
Sector/industry	2005	2009	2002	2004	2000	2006	2001	2009	2000	2005
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Primary	33.2	83.2	5.8	1.5	27.8	1.0	2.4	70.6	21.3	29.3
Agriculture, hunting, forestry and fishing	14.4	0.7	5.8	1.5	-	-	2.4	15.5	18.2	2.5
Mining, quarrying and petroleum	18.8	82.5	-	-	27.8	1.0	-	55.0	3.1	26.9
Secondary	- 6.9	6.6	- 114.6	76.2	-	-	76.0	9.4	20.5	13.5
Tertiary	52.2	10.2	212.4	21.0	-	-	21.7	20.1	58.2	57.1
Electricity, gas and water	7.5	0.0	-	-	-	-	0.5	-	-	10.3
Construction	8.0	0.6	-	-	-	-	4.1	- 0.2	5.5	0.5
Trade	23.6	1.2	598.3	5.1	-	-	-	1.8	27.2	24.3
Hotels and restaurants	0.7	3.3	-	-	-	-	1.1	2.7	-	-
Transport, storage and communications	- 1.3	1.6	- 444.9	14.6	-	-	-	14.4	23.9	21.3
Finance	12.8	3.0	59.0	1.3	-	-	-	1.1	1.4	0.7
Business activities	0.9	0.4	-	-	-	-	8.3	- 0.2	-	-
Public administration and defence	-	-	-	-	-	-	-	0.1	-	-
Health and social services	-	-	-	-	-	-	-	0.2	-	-
Community, social & personal service activities	-	-	-	-	-	-	7.7	0.2	0.2	-
Unspecified	21.6	0.0	- 3.7	1.3	72.2	99.0	-	- 0.0	- 0.0	0.0
Total ($ million)	86	543	17	108	40	155	255	890	262	448

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

c. FDI by source country

European investors account for the largest share of FDI flows from developed countries to LDCs, with about 20-30 per cent of the world total (figure I.9). However, the past decade has seen substantial shifts in world FDI patterns due to the emergence of FDI from developing economies, which have become major players with respect to international investment, exports and technology flows, especially in LDCs

Figure I.9. Regional distribution of FDI projects[a] in LDCs, by source, 2003 and 2010
(Per cent)



Source: UNCTAD cross-border M&A database and information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com).
[a] Including both cross-border M&As and greenfield FDI projects.
Note: Other developed countries include non-EU European countries, Australia, New Zealand and Israel.

The share of FDI in LDCs originating from developing and transition economies during the past decade has increased significantly. Especially, investment from China, India, Malaysia and South Africa is on the rise in both relative and absolute terms. Chinese FDI flows to LDCs have increased from $45 million in 2003 to $981 million in 2008 (table I.5), reaching some 3 per cent of total FDI inflows to LDCs. Indian data suggest that most of their FDI in LDCs, amounting to about $80 million in 2005 (most recent year for which data are available) was in Sudan. Some studies also show that Chinese and Indian firms have much in common in their African operations. TNCs from both countries have begun to play a significant role in facilitating mutually reinforcing links between trade and FDI in Africa (Broadman, 2008). One consequence of their presence is that inward FDI is engendering an increase in Africa's exports. Chinese and Indian businesses, by dint of their organizational structures, can achieve larger operations in Africa – and thus greater economies of scale and higher productivity – than their African counterparts (Broadman, 2008). They can thus export goods from Africa that are more diversified and higher up the value chain than can African firms. They are also integrating horizontally more extensively across Africa's own internal market – a critical objective for a continent comprising many landlocked countries with individual markets far below commercial scale. Chinese and Indian TNCs, increasingly in joint ventures with African firms, are fostering exports from Africa to a wider set of markets.

While the biggest Chinese investors are state-owned enterprises, Chinese private investors also have become increasingly active players in African LDCs. For most of the Asian LDCs as well, developing countries, in particular China, are increasingly becoming important investors (table I.6).

Table I.5. FDI outflows from China and India to LDCs, selected years
(Millions of dollars)

Destination region/ economy	China		India[a]	
	2003	2008	2001	2005
LDCs	45.4	980.7	11.7	75.5
Afghanistan	0.3	113.9	-	0.1
Angola	0.2	- 9.6	-	-
Bangladesh	1.4	4.5	1.1	1.1
Benin	2.1	14.6	-	-
Cambodia	22.0	204.6	-	-
Chad	-	9.5	-	-
Congo, Dem. Rep. of	0.1	24.0	-	-
Equatorial Guinea	0.5	- 4.9	-	-
Eritrea	-	- 0.5	-	-
Ethiopia	1.0	9.7	-	1.8
Gambia	0.0	-	-	-
Guinea	1.2	8.3	-	-
Lao People's Dem. Rep.	0.8	87.0	-	-
Lesotho	-	0.6	-	-
Liberia	0.4	2.6	-	-
Madagascar	0.7	61.2	-	-
Malawi	-	5.4	-	-
Mali	5.4	- 1.3	-	-
Mauritania	1.7	- 0.7	-	-
Mozambique	-	5.9	-	7.5
Myanmar	-	232.5	-	-
Nepal	-	0.0	10.6	0.8
Niger	-	- 0.0	-	0.0
Rwanda	-	12.9	-	-
Samoa	0.4	-	-	-
Senegal	0.7	3.6	-	1.0
Sierra Leone	-	11.4	-	-
Sudan	-	- 63.1	-	63.0
Togo	0.0	4.2	-	-
Uganda	1.0	- 6.7	-	-
United Republic of Tanzania	-	18.2	-	-
Vanuatu	-	-	-	0.2
Yemen	0.0	18.8	-	-
Zambia	5.5	214.0	-	-
Memorandum:				
Total world	2 854.7	55 907.2	3 027.0	2 043.1
Developed countries	211.4	2 787.2	720.0	989.3
Developing economies	2 604.6	52 054.8	535.4	1 039.4
South-East Europe and CIS	38.6	1 065.2	1 743.2	14.4

Source: UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics).
[a] Data are on an approval basis.

Although natural resource-based investments dominate Chinese and Indian investors' portfolios in Africa in *value*, developing-country investors in Africa are not exclusively involved in natural resources. Chinese and Indian TNCs in Africa are increasing their investments in other sectors and industries, such as telecommunications, financial services, food processing, manufacturing, infrastructure, back-office services, and tourism. Also, it is evident from the *number* of FDI projects that investment is beginning to diversify rapidly across sectors. In addition, investments from the Gulf Cooperation Council (GCC) countries in African LDCs have recently increased in industries such as telecoms, tourism, finance, infrastructure, mining, oil and gas and agriculture.

With respect to FDI from China and India, new business case studies and firm-level survey data on the African operations of Chinese and Indian firms show that, due to inherent differences in ownership and other factors, Chinese and Indian firms generally perceive investment risks differently (Broadman, 2008). For instance, the average Chinese firm operating on the continent is a large state-owned enterprise and tends to enter new markets by building new facilities, is highly vertically integrated, rarely encourages the integration of its management and workers into the African socioeconomic fabric, conducts most of its sales in Africa with government entities, and exploits its ability to out-compete other bidders for government procurement contracts. The typical Indian firm tends to be in the private sector, enters African markets by acquiring established businesses, engages in vertical integration (but much less so than its Chinese counterpart), facilitates – indeed, sometimes encourages – the integration of management and workers into the African socioeconomic network (through informal ethnic networks or by participating in local political activities), and engages in large local sales with private entities rather than solely government agencies.

Table I.6. FDI from developing and transition economies to selected LDCs, various years

Recipient economy	Inflows		Inward stock	
	Period/year	Share in total FDI (%)	Year	Share in total FDI (%)
Bangladesh	1995-1997	20	1995	12
	2006-2008	55	2008	37
Cambodia	1995-1997	63	1995	77
	2006-2008	78	2008	76
Ethiopia	1995-1997	78	1995	77
	2002-2004	51	..	..
Lao People's Dem. Rep.	1995-1997	93	..	..
	2003-2005	42	2005	78
Madagascar	2002-2004	36	2002	27
	2007-2009	17	2009	18
Malawi	..	..	2000	29
	..	..	2004	33
Mozambique	2004-2006	82	..	..
	2007-2009	69	..	..
Myanmar	1995-1997	39	..	..
	2003-2005	59	2005	38
Nepal	1990-1992	43[a]	1990	54[a]
	1996-1998	65[a]	1999	62[a]
Uganda	..	..	1999	27
	..	..	2003	21
United Rep. of Tanzania	1999	48	1999	29
	2003-2005	44	2005	52
Vanuatu	1999	7	..	..
	2000-2002	19	..	..
Zambia	..	..	2001	20

Source: UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics).
[a] Data are on an approval basis.

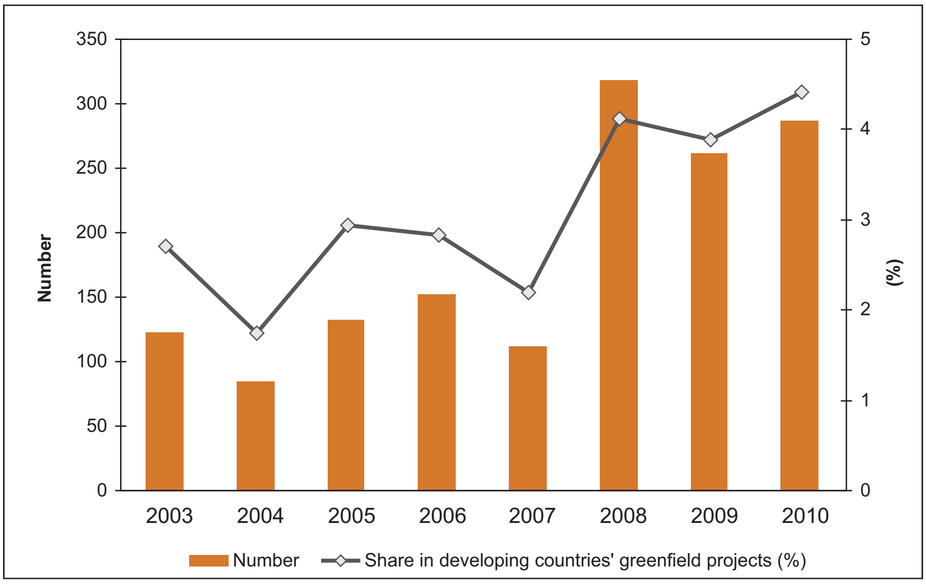
The LDCs have a lot to gain from exploiting the development prospects originating from increasing FDI in their economies by firms from developing and transition economies. LDCs can potentially attract more export-oriented FDI, taking advantage of preferential market access to developed country markets.

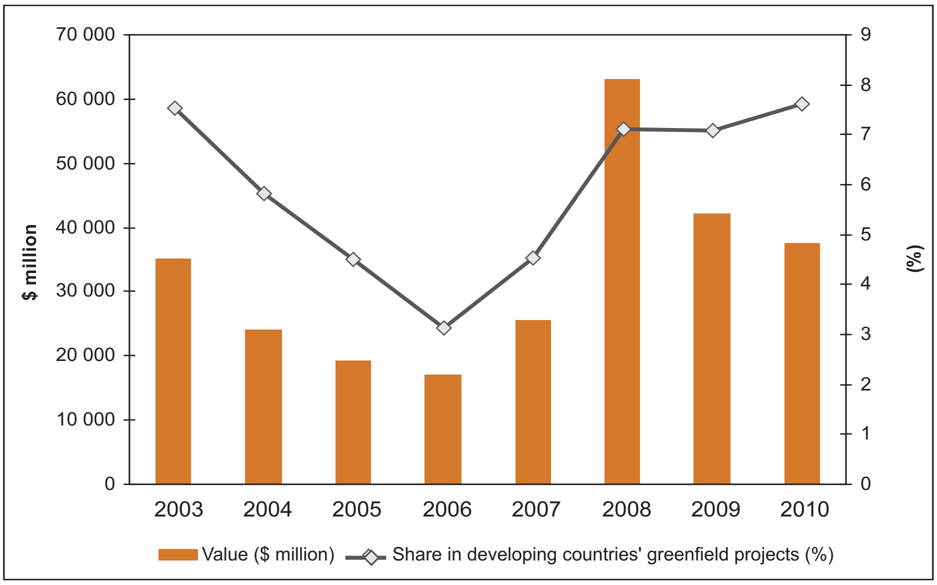
d. FDI by mode of investment

The bulk of FDI in LDCs is in the form of greenfield projects (figure I.10; annex tables 9-12). FDI via M&As is still limited, but their number has nearly doubled over the last decade (figure I.11; annex tables 5-8). In 2003, there were 123 greenfield FDI projects undertaken in LDCs, with an estimated value of $35 billion, generating 45,330 jobs; by 2010 the number of recorded greenfield projects increased to 287, the value of the projects to $38 billion and jobs generated to 67,393.[4]

Measured by the number of investment cases, overall, 40 per cent of the more than 1,400 recorded greenfield investment projects in LDCs during 2003–2010 were registered in the manufacturing and 45 per cent of them in the services sector (table I.7). This is reflected in the overall distribution of FDI by geography and sector: in particular, FDI in telecommunications is on the rise in African LDCs, on the other hand, FDI to Asian LDCs, is primarily in manufacturing or services such as electricity.

Figure I.10. Value and number of greenfield FDI projects in LDCs and their share in FDI projects of developing countries, 2003–2010
(Number, value in millions of dollars and per cent)





Source: UNCTAD, based on information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com).
Note: Data for value of greenfield FDI projects refer to estimated amounts of capital investment.

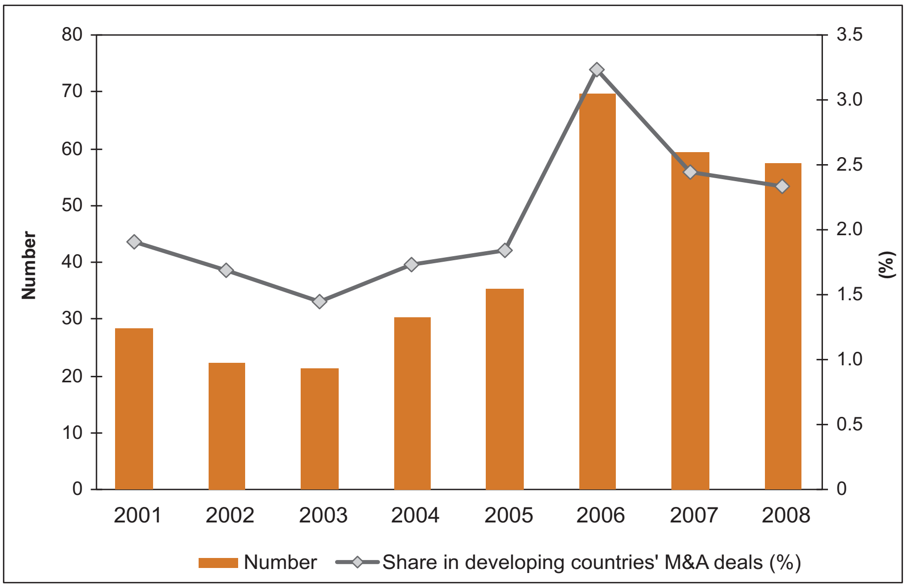
2. Policy developments

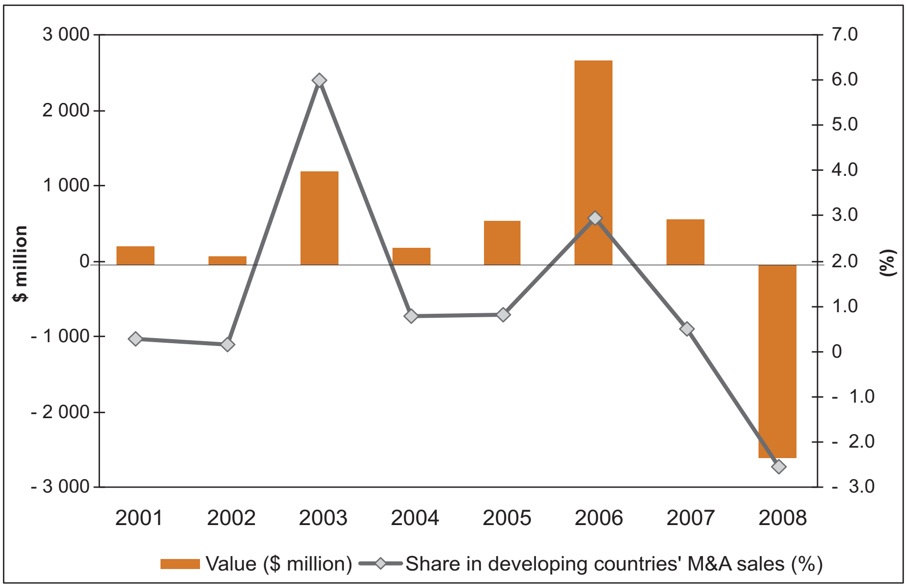
Most LDCs have been making efforts to improve the investment environment over the years, through, for instance, reducing taxes, establishing an investment promotion agency (IPA) to better assist foreign investors and abolishing FDI-related restrictions. Some oil producing countries in Africa are also seeking to improve their policies to benefit more from FDI in the oil industry. Furthermore, increased attention has been paid by many LDCs to policy initiatives at the bilateral, regional and multilateral levels in order to enhance international cooperation and/or integration in matters relating to FDI.

Although Africa, which has 33 LDCs, is considered to be less volatile both economically and politically today compared to the 1990s, economic stability, political stability and physical security

Figure I.11. Value and number of M&A sales of LDCs and their share in M&A sales of developing countries, 2001–2010

(Number, value in millions of dollars and per cent)





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

Note: Data for number of deals refer to gross sales while the value refer to net M&A sales, taking into account changes in the ownership from foreign to domestic inventors.

still rank high among the location factors important to making a decision to invest in Africa (table I.8). Today, fear of acquisition (appropriation) of assets is considered to be less important than in the early 2000s as a factor determining location of FDI. Almost all investors from different regions that responded to a survey by UNIDO in 2005 mentioned deterioration in the quality of life. However, investors from different regions have different perceptions regarding the level of deterioration of various factors. In general, investors from the South were less apprehensive about the deterioration of locational factors in Africa (table I.9).

To realize the full potential for increased investment flows to LDCs, more efforts are required by the countries themselves, as well as by the international community. Regulatory and other reforms have made several LDC economies more attractive to FDI. Today, the regulatory conditions established in many LDCs are on a par with those in other developing countries. Some of the larger LDCs and

Table I.7. Industry breakdown of value and number of greenfield FDI projects in LDCs, cumulative 2003–2010
(Millions of dollars, number and per cent)

Sector/industry	Value ($ million)	Share in total (%)	Number	Share in total (%)
Total sectors	263 416	100.0	1 472	100.0
Primary	144 545	54.9	232	15.8
Minerals	2 982	1.1	39	2.6
Coal, oil and natural gas	132 660	50.4	157	10.7
Alternative/renewable energy	8 903	3.4	36	2.4
Manufacturing	74 415	28.3	583	39.6
Food, beverages and tobacco	5 328	2.0	137	9.3
Textiles	1 180	0.4	36	2.4
Wood and wood products	3 006	1.1	14	1.0
Chemicals and chemical products	4 304	1.6	34	2.3
Rubber and plastic products	801	0.3	19	1.3
Non-metallic minerals	4 734	1.8	43	2.9
Metals	51 189	19.4	179	12.2
Machinery and equipment	503	0.2	25	1.7
Electrical and electronic equipment	331	0.1	19	1.3
Medical devices	24	0.0	2	0.1
Motor vehicles and other transport equipment	2 674	1.0	60	4.1
Consumer products	342	0.1	15	1.0
Services	44 455	16.9	657	44.6
Hotels and tourism	5 191	2.0	49	3.3
Transport, storage and communications	19 151	7.3	162	11.0
Financial services	3 091	1.2	299	20.3
Business activities	16 709	6.3	129	8.8
Space and defence	30	0.0	2	0.1
Healthcare	231	0.1	14	1.0
Leisure and entertainment	52	0.0	2	0.1

Source: UNCTAD, based on information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com).
Note: Data for value of greenfield FDI projects refer to estimated amounts of capital investment.

those that are joining regional trade agreements also offer opportunities related to manufacturing for domestic markets. Among the regulatory measures adopted are incentives introduced by many LDCs (e.g. tax incentives introduced in Burundi in 2008, Malawi in 2005, Sao Tome and Principe in 2009, Malawi in 2005 and Zambia in 2008) for attracting FDI (for data on those changes for selected countries, see annex table 15).

Indeed, the investment environment for FDI and TNCs in LDCs has gradually improved over the decade 2001-2010. Many of them have established one-stop shops for dealing with investor requests and most of them are now members of the World Association of Investment Promotion Agencies. With the increased flow of FDI and its role in the economy, many LDCs have adopted new measures or revised their old foreign investment legislation, making it progressively more liberal and in particular, simplifying business registration and investment application procedures, providing equal treatment of foreign investors and freer transfer of capital and foreign exchange regime (as in Liberia in 2006).

In addition, the continued expansion of bilateral investment treaties (BITs) and double taxation treaties (DTTs) involving LDCs (figure I.12) can also be considered as one of the elements having a positive effect on their investment climate. By the end of 2010, LDCs had concluded a total of 455 BITs and 188 DTTs. On average LDCs concluded 9 BITs and 4 DTTs per country, compared with 14

Table I.8. Location factors ranked in accordance with their importance for investing in sub-Saharan Africa

Location factors	Ranking	Score
Economic stability	1	4.11
Political stability	2	4.08
Physical security	3	3.96
Local market	4	3.93
Skilled labour	5	3.83
Quality of infrastructure	6	3.79
Legal framework	7	3.68
Presence of key clients	8	3.65
Labour costs	9	3.65
Transparency of investment climate	10	3.61
Quality of life	11	3.49
Raw materials	12	3.41
Incentive package	13	3.3
Local supplier	14	3.23
Existence of foreign investor	15	3.13
Government agency support services	16	3.12
Regional market	17	3.08
Double taxation treaties	18	2.99
Bilateral trade agreements	19	2.74
IPA assistance	20	2.72
Acquisition of existing assets	21	2.63
Availability of export processing zones	22	2.55
Specific investment project proposal	23	2.47
Presence of JV partner	24	2.23
Taking advantage of AGOA	25	2.03
Taking advantage of EBA	26	1.94

Source: UNIDO (2007).
Note: This score reflects the mean value of the 5-point Likert Scale (1=not important, 2=helpful, 3=important, 4= very important, 5= crucial) in a survey of 1,216 foreign affiliates in sub-Saharan Africa undertaken in 2005.

BITS and 12 DTTs for all developing countries. This is in addition to various regional economic cooperation and partnership agreements such as the Partnership Agreement between the Members of the African, Caribbean and Pacific Group of States and the European Community (Cotonou Agreement).

The LDC most active in signing BITs is Yemen, with 37 BITs, followed by Bangladesh and Ethiopia with 29 BITs each. Germany is the country that has signed most BITs with LDCs (33), followed by Switzerland (26) and China (19). Looking at the conclusion of LDC BITs over time, most agreements were concluded between the mid-1990s and the mid-2000s, with 2001 standing out as the year seeing the highest number of new LDC BITs (71).

Until recently, LDCs tended to offer significant fiscal incentives and other benefits to strategic foreign investors, such as granting renewable land leases of up to 99 years in Cambodia in 2003 or free land if the investment exceeded $10 million in Yemen in 2004 (UNCTAD, 2006). However, this trend seems to be changing as exemplified by the recent tendency of eliminating the preferential tax benefits and raising royalties and other levies on foreign investors (e.g. reform of tax system in Equatorial Guinea introduced in 2005). Instead, some LDCs have introduced targeted sector-specific incentives. For example, the 2003 Ethiopian energy sector investment code allowed wholly foreign-owned investment in the sector; the 2006 Equatorial Guinea hydrocarbon law introduced production sharing contracts awarded through competitive bidding; the 2006-2007 Lesotho budget measures support the textile industry and manufacturing sub-sectors; and in 2006 Swaziland curbed the participation of foreigners in small businesses, especially in the retail sector traditionally dominated by foreigners.

Table I.9. Location factors considered to have deteriorated from the perspective of all investors and investors from the North and South

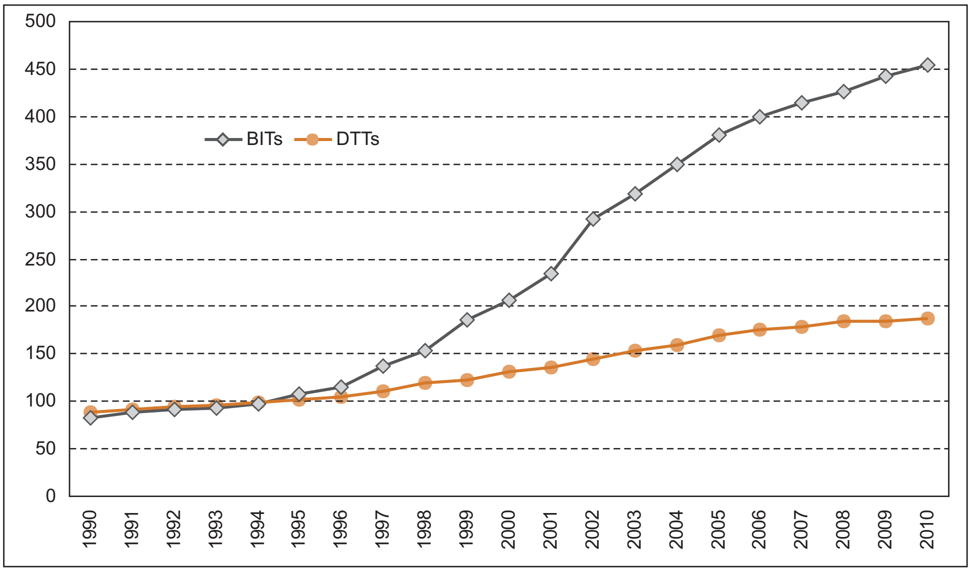
Factors	All investors	North	South
Quality of life	*	*	*
Physical security	*	*	
Country legal framework	*	*	
Incentive package	*	*	*
Labour costs		*	
Raw materials		*	
Economic stability		*	
Quality of infrastructure		*	
Government agency support services			
Double taxation treaties			
Availability of export processing zones			
Transparency of investment climate		*	
Local market			
Taking advantage of EBA	*		*
IPA assistance			
Specific investment proposal			
Presence of joint venture partner			

Source: UNIDO (2007).
Note: Entries show results of a UNIDO survey of 1,216 foreign affiliates conducted in 2005. The asterisk sign means that a majority of investors responding to the survey indicated that the item in question had deteriorated, and a blank sign the opposite.

Often the technical assistance of United Nations agencies and initiatives of other international bodies have played an important role in these policy reform efforts. For instance, in 2006 the United Republic of Tanzania adopted under the guidance of UNCTAD its "Blue Book" which developed performance and client charters for the government agencies involved in monitoring the implementation of investment-related regulations and tax administration, with a special "whistle blower" facility with a telephone hotline to report corruption. Similarly, Burundi's 2008 Investment Code was inspired by the Model Code of the East African Community and the COMESA framework.

The combination of trade liberalization and the increased specialization of production activities mean more scope for LDCs to attract FDI into export-oriented production of labour- and/or natural-resource-intensive manufactured products as well as skilled labour-intensive services that can be traded electronically. Such measures as the European Union's (EU's) Everything But Arms (EBA) and United States' African Growth and Opportunity Act (AGOA) initiatives create new opportunities for export-oriented FDI in LDCs by improving access to important markets, although tariff preferences enjoyed by African countries under EBA and AGOA were still considered to be of limited importance in an investment decision (table I.9). Regardless of these initiatives, for the LDCs' part, it is essential that they strengthen the necessary linkages between their export sectors and the rest of the economy by building and fostering domestic capabilities in physical infrastructure, production capacity and institutions supportive of private investment.

Figure I.12. Cumulative BITs and DTTs concluded by LDCs in 2010



Source: UNCTAD, IIA database (www.unctad.org/iia).

II. KEY OBSERVATIONS ON IMPACTS AND SHORTCOMINGS

As evidenced earlier, FDI in LDCs grew rapidly over the past decade, to the extent that their share global flows doubled between 2001 and 2010. In spite of extremely contrasting situations in terms of performance and outcome among LDCs and giving due consideration to important caveats, the overall development impact of FDI can be considered as positive. Yet, expectations about the benefits in terms of poverty reduction, economic diversification, integration into the world economy and others have not been met.

This chapter makes a number of key observations about the developmental impact of FDI over the past decade. It highlights areas where expectations have not been met, in addition to some important recent phenomena and shortfalls. These observations lead to a strategic reappraisal of how FDI can be efficiently leveraged to promote the achievement of national development goals in LDCs, in particular poverty reduction and integration into the global economy. A plan of action to achieve such goals is proposed in chapter III.

LDCs remain at the margin of global value chains

Technological advances and organizational changes in the global economy and within TNCs have fundamentally altered the way goods and services are produced. Global value chains with a high degree of specialization of individual players have become the norm for the production of goods, and increasingly so for services as well. TNCs are increasingly outsourcing parts of their value chains in order to increase efficiency and competitiveness and avail of the lowest worldwide cost options. In many instances, this has implied contracting out manufacturing or services to an efficient, low-cost producer in a developing country. As a result, transactions among the various parts of a single corporate system (intra-firm trade) are estimated to account for one third of global trade (UNCTAD, 2004).

Participation in global value chains, however, requires an ability to produce specialized goods or services at a demanding level of quality and quantity, and within tight timelines. These demands have made it difficult for most LDCs to integrate into global value chains, aside from participating at the downstream level as providers of raw materials. In 2009, LDCs represented only 1 per cent of world trade flows (exports plus imports) in industrial goods, which highlights their marginal role in the production of goods for the global market.

To a limited extent, FDI has enabled some LDCs to integrate into the global value chain for textile and garments. Such investments have been driven primarily by access to key markets on preferential terms, however, and they have frequently proved not to be sustainable in the face of eroding preferences and non-competitive production and trading costs.

The majority of LDCs face stiff challenges in integrating into global value chains, either through the direct participation of local firms or by enticing TNCs to use them as production centres by affiliates. Key among these are high operating and trading costs, poor infrastructure, limited human capital and the shortage of potential local partners. By essence, participation in global value chains requires a high-level of competitiveness, which most firms in LDCs have difficulty to achieve when faced with competition from other developing economies that can also offer low labour costs but benefit from higher productivity levels.

Yet, participation in global value chains is key to the long-term development of LDCs, as it is the major stepping stone to access international markets and as it has the potential to generate low-skill but labour-intensive activities. As long as LDCs remain at the margin of global value chains, it is likely that they will stay on the losing-end of economic globalization.

FDI in natural resource extraction represents the bulk of investments …

Foreign investments in natural resource extraction represent only a small percentage of the number of projects in LDCs. These projects, however, are highly capital intensive and account for a large share of amounts invested. This generates a number of consequences:

- FDI inflows are concentrated in resource-rich LDCs, while other countries tend to attract minimum inflows. With rising global demand for commodities and new investments in oil and mining in a number of LDCs, the geographic concentration of FDI flows increased between 2000 and 2009, contributing to a further divergence in economic performance among LDCs and the marginalization of some. In Madagascar, more than 80 per cent in 2009 was in mining (table I.4) and fast-growing LDCs such as Angola, Chad, Equatorial Guinea, Mauritania, Mozambique, Sudan and Sierra Leone are countries narrowly specialized in the export of oil or minerals, many of which are among the top FDI recipients (see figure I.7).
- Inflows of FDI to LDCs with significant natural resources are driven by global demand trends and tend to be both lumpy and volatile. Single projects may account for virtually all FDI inflows in any given year. These fluctuations make the management of capital inflows more difficult from a macro-economic perspective.
- The predominance of FDI in natural resource extraction has reinforced the commodity dependence of some LDCs, which may be difficult to reverse and exacerbates the existing unbalanced structure and vulnerability to external shocks. Even countries that had started diversifying away from mining, such as the United Republic of Tanzania saw mining investment rise sharply in 2006-2008 and the trend is accelerating again with global mineral demand recovering after the crisis.

… but many LDCs have succeeded in attracting more diverse forms of FDI

The predominance of projects in extractive industries in terms of amounts invested nevertheless masks a more contrasted picture. Their capital-intensive nature means that a small number of large projects swamp a vast number of small-scale investments in a variety of sectors. Foreign investments in telecommunication, banking, agriculture, tourism, food and beverages, commerce and other services abound throughout LDCs but are frequently underestimated, in part as a result of their more limited scale. Their impact, however, has frequently been more important than that of larger investments in natural resource extraction in terms of job creation, linkages or transfers of skills. In Mozambique for example, around ten “mega-projects” – mostly in natural resource extraction – registered by the authorities since 1992 account for about 70 per cent of FDI inflows, but for only 5 per cent of FDI-generated jobs. In a number of LDCs where large foreign investments take place in the mining and oil sector, small-scale FDI has often been consciously or unconsciously neglected by policy makers.

In recent years some non-resource based industries such as real estate, banking and tourism in the Gambia, manufacturing in Malawi, finance, manufacturing, telecoms and commerce in Uganda have benefited from substantial FDI inflows.[5] Some countries have managed to enhance FDI diversification, as in the case of the Gambia and Uganda, or maintained well-diversified FDI, as in the case of Malawi and the United Republic of Tanzania.

These more diversified forms of foreign investments, however, have not been sufficient to properly integrate LDCs into the global economy. Although not focused on resource extraction, they are mostly market-seeking by nature and export-oriented FDI projects remain few and far between.

Private provision of infrastructure remains limited

Poor or limited physical infrastructure is one of the most fundamental constraints facing LDCs not just to attract diversified types of FDI, but more generally to develop productive capacities, reduce poverty and reap the benefits of economic globalization. Private (foreign) investors have built or operated ports, airports, electricity and telecommunication networks or water systems in many developing countries, thereby contributing to easing infrastructure constraints.

In contrast, few LDCs so far have been able to attract FDI for infrastructure development at a significant scale, and those that have succeeded have frequently faced unexpected challenges or mixed results, including in particular in the power sector. Structuring concession agreements in heavily regulated sectors is highly complex, and capacity to handle new deals in electricity, transport or water remains weak in most countries.

Infrastructure concessions have been limited in LDCs over the past decades, whether it be under build-own-operate, build-operate-transfer or other forms of public-private partnerships (PPPs). Where concessions have occurred, they were mostly concentrated in the power sector (mostly power generation) and to a smaller extent in transportation (table II.1; annex table 13).

Table II.1. Concession projects in LDCs, by sector and modality, cumulative1990–2010
(Number of projects and millions of dollars)

Sector	Build-Own-Operate		Build-Operate-Transfer		Public-Private-Partnership		Total-[a]	
	Number	Value	Number	Value	Number	Value	Number	Value
Agriculture and forestry	3	5 100					3	5 100
Industry	15	11 485			1	900	16	12 385
Leisure and property	18	20 015	1	105	1	110	20	20 230
Mining	34	29 782	1	975	1	110	39	32 334
Oil and gas	29	17 508			3	710	35	19 783
Petrochemicals	6	1 523					7	1 523
Power	87	73 625	7	2 214	3	567	108	82 159
Telecommunications	9	4 075	1	240	1		11	4 315
Transportation	23	14 637	1	680	2	55	27	15 372
Water and sewerage	4	2 037					4	2 037
LDCs Total	230	180 086	11	4 214	12	2 452	272	195 538

Source: UNCTAD, based on Thomson database.
[a] Includes other modalities.

Efforts to increase private sector participation in the provision of infrastructure through PPPs nevertheless remain of particular importance. Failure to achieve the desired level of private investment in the past decades should not deter LDCs from tapping this key source of finance for infrastructure, which has demonstrated its potential benefits in other developing countries.

Linkages take efforts to be established and enclave investments persist

Most LDCs are characterized by a dual economy where a relatively small formal private sector coexists with a large informal segment, which includes subsistence agriculture as well as small- and micro-businesses providing a variety of goods and services. Interactions between the formal and informal parts of the economy are limited, even though informal businesses frequently compete with more formal companies.

Foreign-owned companies typically represent a significant share of the formal private sector in LDCs, as illustrated by their frequent listing among the largest corporate taxpayers. While many of those that are focused on market-seeking activities tend to be reasonably well integrated in the local economy, export-oriented companies frequently operate as enclaves. This is particularly the case of enterprises established in export processing zones, in which many LDCs have established in an attempt to attract FDI. Large-scale and prominent investments in natural resource extraction have also faced difficulties in generating significant backward or forward linkages for lack of adequate suppliers of equipment or support services and as a result of global competition in downstream industries.

The nature of foreign-led projects appears to be a key factor determining the extent to which linkages can develop. There are clearly certain types of investments that are more amenable to building linkages than others. Yet, even in those cases, experience indicates that conscious policy efforts are usually necessary for linkages to take root. This usually starts at the level of FDI promotion in order to foster an optimal match between the type of investments targeted and the structure of the national economy. It extends to the need to nurture local entrepreneurial capabilities so as to ensure the availability of linkages partners for TNCs. Dedicated match-making efforts and well-structured linkages programmes are a useful tool (box II.1).

A frequent concern among policy makers is that FDI may put national companies out of business (crowding out), rather than foster local enterprises development (crowding in) through linkages and other mechanisms (e.g. infrastructure development, creation of new market opportunities and others). In general, even a small FDI project in an economically disadvantaged area can play an important catalyzing role for economic activities. Indeed, there is some empirical evidence[6] to indicate that FDI crowds in domestic investment, i.e. a dollar of FDI leads to an increase of investment by more than one dollar in most of the LDCs (table II.2).

Box II.1. Promoting business linkages in LDCs : UNCTAD's Business Linkages Programme

UNCTAD's Business Linkages programme connects large companies with domestic suppliers in developing countries. It has proven to be a very useful tool for enhancing enterprise development in the LDCs. Recognizing the need to attract responsible FDI, Business Linkages programmes in LDCs are based on a targeted approach, which focuses on:

- attracting the FDI that would best contribute to the development of productive capacities; and
- creating an environment that fosters the establishment of business linkages between FDI and domestic firms, especially small and medium-sized enterprises (SMEs).

The large majority of SMEs in developing countries do not have the capacity needed to benefit effectively from the rise of FDI and outsourcing of production activities by TNCs. A major focus of the programme is on empowering project partners to undertake business linkages above and beyond the life cycle of individual projects. Key stakeholders include TNCs, IPAs, business associations, local banks and business services providers, relevant government departments, and SMEs.

One of the projects entitled "Building Productive Capacities in Developing Countries to Enhance their Participation in Global Supply Chains" was undertaken in four LDCs: Mozambique, Uganda, the United Republic of Tanzania, and Zambia, in 2008-2010. Linkages were established not only in the agribusiness sector, but also in mining, tourism and services between 13 TNCs and 137 SMEs. Local businesses' capacity was upgraded and refined through the provision of business development services which added value to these SMEs, contributing to improve relations with anchor companies. Sales value between participating TNCs and SMEs went up 15 per cent on average, and in some cases up to 50 per cent. As a consequence, more than 1,600 jobs were created and the amount of loans obtained by the SMEs reached $1.75 million.

Source: UNCTAD.

Table II.2. LDCs: effects of FDI on total investment, 1982−2008

Region	Long term coefficient linking FDI with Investment	Long term effect
Total LDCs (48)[a]	7.33	Crowding-in
LDCs in Africa (33)	1.28	Neutral[b]
LDCs in Asia (14)	12.35	Crowding-in

Source: UNCTAD.

[a] Includes one Latin American country (Haiti).

[b] Parameter not significantly different from one

Note: Figures in paranthesis after the region's name indicate the number of countries covered.

However there are differences in terms of the impact in LDCs in Africa and Asia. While crowding in dominates in Asian LDCs, neutral effects seem to prevail in Africa. One reason might be that FDI in Africa tends to be concentrated in one or two industries and does not have the same impact in terms of multiplier effects of investment as that in Asia where FDI is more diversified. It should be noted that if the number of investment cases is considered instead of the value of investment, a somewhat different picture emerges, with more spread of FDI projects in LDCs both geographically and sector-wise (see annex tables 5, 7, 9 and 11 as opposed to annex tables 6, 8, 10 and 12).

The impact on job creation has been weaker than expected

Foreign affiliates of TNCs frequently account for a significant share of formal private sector employment in LDCs and rank among the largest individual employers. Yet, expectations about job creation related to FDI have frequently not been met.

In most cases, this is the consequence of the predominance of FDI projects in natural resource extraction, which are capital intensive. While they tend to generate significant employment during construction phase, they typically require relatively small numbers once in operation. Even large-scale mining activities may generate fewer than 1,000 direct jobs, which pales in comparison with the capital invested and the proportion it may represent in the country's overall investment flows.

On average, the labour intensity of FDI projects in LDCs in sub-Saharan Africa is low compared to that in other developing countries (table II.3), reducing its developmental and social impact.

Transfers of skills and know-how occur on a relatively limited scale

Transfers of skills are notoriously difficult to measure and evaluate. As indicated in surveys carried out by the World Bank as part of its Enterprise Surveys programme,[7] affiliates of TNCs tend to employ workers at a higher-than-average level of skill and typically provide some degree of

Table II.3. Sub-Saharan Africa: sales and employment in foreign affiliates, their share in total sales and employment and labour intensity, 2007

Host region	Sales ($ million)	Employment (thousand employees)	Share of foreign affiliates in total sales in host economies	Share of foreign affiliates in total employment in host economies	Labour intensity (number of employees per $1 million sales)
Sub-saharan Africa	**236 454**	**698**	**14.9**	**0.2**	**3.0**
Memorandum					
World	20 862 156	67 041	18.7	2.3	3.2
Developed countries	15 842 663	30 103	20.3	6.3	1.9
Developing economies	4 753 877	35 433	15.9	1.5	7.5
Latin America and the Caribbean	1 620 600	7 365	21.7	3.0	4.5
South, East and South-East Asia	2 510 480	26 046	15.3	1.5	10.4

Source: UNCTAD.

formal training either upon starting a job, or on a continuous basis for workers with a higher level of responsibility. Investments in training and skills building are typically higher than among comparable national companies.

Yet, transfers of skills and know-how through FDI face intrinsic limitations given the relatively small number of jobs that have been generated by foreign affiliates in comparison with the population as a whole. These limitations are unlikely to be lifted, which highlights the need to strengthen home-grown skills building efforts and to consider FDI as a complement to such efforts, but by no means a substitute. In addition, policies to increase the labour intensity of FDI projects could contribute to higher transfers of skills.

FDI by small TNCs and entrepreneurs is significant but often neglected

Large-scale investments by global TNCs represent only a small proportion of FDI projects in most LDCs, even if they account for the bulk of foreign capital invested. In contrast, smaller-scale projects by cluster TNCs (e.g. a small Dutch company specialized in the flower business investing in Ethiopia), regional TNCs (e.g. a South African retail chain investing in Mozambique), cross-border investors (e.g. a small Kenyan company making a first foreign venture in Uganda) and entrepreneurs (e.g. a Zimbabwean farmer moving to Zambia) represent a large number of projects, even if the amounts invested can remain small.

The universe of FDI in LDCs is thus extremely diverse, from the multi-billion dollar project in mining by a global leader in the field to the entrepreneur moving with his/her family to set up a small boutique hotel with an initial investment below one hundred thousand dollars. Given their small-scale and the difficulty to capture their impact from a macro-economic perspective, the latter form of foreign investors are frequently overlooked, and perhaps neglected from a policy perspective.

Yet, the “middle-ground” foreign investors in LDCs, including those from other developing countries, have become increasingly important and active. In spite of the relatively small amounts invested, they have also proved to be a good match for LDCs in the sense that they tend to be nimble and able to operate in challenging environments. Their limited scale and at times less stringent requirements in terms of international standards of quality also make them more susceptible to build linkages with national investors.

Regional disparities remain a concern

Most LDCs suffer from large disparities between the area surrounding the capital city and a small number of other urban centres and rural areas, where the majority of the population still resides. Aside from natural resource seeking investments, most foreign investments perpetuate this pattern of regional disparities, even though they are not the root cause.

In the United Republic of Tanzania, for example, almost half of FDI is in the capital city, but a further 30 per cent is located in Mwanza and Shinyanga thanks to gold and diamond mines and fishing in Lake Victoria (Bhinda and Martine, 2009, p. 41). In some countries the second city is the commercial centre, as in the case of Blantyre in Malawi. Only when mining and petroleum deposits or natural resources such as wildlife for tourism are available at sufficient scale to attract TNCs is there some inflow of FDI into the outlying areas. Such a situation leaves most of the rest of the country without any foreign investment, which tends to perpetuate or even deepen the imbalanced economic growth and the accompanying social disparities. While concentration of FDI in certain areas or cities is also observed in developed countries, this is limited only to one or a few locations in LDCs. The limited amounts of FDI in poorer regions means that FDI has been of little help for LDCs in their fight to overcome economic isolation and income inequality or to stop migration to urban centres, which is an important obstacle for many LDCs' national development and poverty reduction efforts.

South-South FDI continues to rise

TNCs from emerging markets have become increasingly important players in LDCs over the past decade. Although it started from a low basis, South-South FDI holds the potential to boost productivity and significantly affect development patterns in LDCs. FDI from Brazil, China, India and South Africa, in particular, have become sizeable in many African LDCs. While such investments focused principally on extractive industries at first, they have become more diversified in recent years in a number of host countries, ranging from manufacturing to commerce and finance to agriculture. Currently, the shares of non-OECD countries in LDCs' FDI stock vary from 30 per cent in Malawi to 60 per cent in the Gambia, and most countries have seen a considerable increase in their proportion in recent years.

South-South FDI has been less volatile than that from developed countries and it has been more resilient during the global crisis, partly because it is less dependent on debt financing (Bhinda and Martine, 2009, p. 73). However, the increasing dominance of developing-country TNCs in some LDCs has also raised new concerns because of uncertainties surrounding their corporate model of development and their business practices. In addition, stakeholders in a number of LDCs have raised concerns about the impact of hosting entrepreneurs from developing countries investing in small businesses in direct competition with existing local businesses.

Shortcomings and the way ahead

This chapter has made a number of observations about the development impact of FDI on LDCs over the past decade. It highlighted some shortcomings and areas where expectations have not been met, for one reason or another. There are strong contrasts in performance and impacts across LDCs, with some countries benefiting more from FDI than others and having made much stronger progress towards achieving the Millennium Development Goals.

In spite of weaknesses, concerns and at times lower-than-expected impact, FDI has in general made a positive contribution to development in LDCs. It is also clear, however, that FDI could be leveraged to a much larger extent in the coming decade, if appropriate strategies and policies are put in place with concerted and combined efforts by Governments in LDCs and development partners and with the active involvement of the business sectors, both local and international. The following chapter proposes a plan of action for investment in LDCs for the forthcoming decade. It revolves around five main areas of action and offers concrete recommendations for all stakeholders involved.

III. A PLAN OF ACTION FOR INVESTMENT IN LDCs

This chapter proposes a plan of action for investment in LDCs for the forthcoming decade. The emphasis is on seeking ways to ensure that the potential of FDI in helping LDCs achieve their national development goals is maximized. It builds on the premise, however, that FDI will never substitute national investment and on the observation that no country in the world has ever succeeded to develop without building indigenous productive capacities through capital accumulation, skills development and innovation. As a result, the plan of action seeks to address issues related not only to FDI, but also to national investment and to the mutually reinforcing effects of one on the other.

The plan of action also builds on the observation that although expectations have not been met in the past, LDCs have significant untapped potential to attract beneficial FDI, including because of reforms to the business climate at home, technological innovations and international business developments. The vision offered is that LDCs can pull out of poverty, and that FDI can make a contribution towards that goal.

Recommendations are built around five critical areas for action. They call for steps to be taken by all the key stakeholders involved – Governments in LDCs, development partners and home countries of TNCs – and they envisage a clear role for the private sector itself. Coordinated and joint efforts by all players involved are essential to the successful implementation of the plan of action and the achievement of the common goal. The five areas for action are summarized in figure III.1. The action plan builds on the reforms and efforts that have been undertaken over the past decades, but strives to offer new approaches to addressing old problems.

Figure III.1. Plan of action for investment in LDCs

Source: UNCTAD.

1. Strengthen public-private infrastructure development efforts

Physical infrastructure at the national, provincial and municipal levels remains critically weak in most LDCs. This constitutes one of the biggest impediments to national and foreign investment and to the integration of LDCs into the global economy. Insufficient or costly access to electricity affects the entire industrial sector, poor feeder roads hamper the development of agriculture and generate waste, inefficient ports prevent firms from competing in time-sensitive export-oriented sectors, low-quality or costly telecommunication services affect the competitiveness of all companies and in particular those in business outsourcing areas, etc.

Unless infrastructure constraints are adequately addressed, it is unlikely that LDCs will be in a position to achieve their national development goals and build stronger productive capacities with internationally competitive firms and diversified economies. Significant efforts have been undertaken over the past decades by LDCs and the development partners to build core infrastructure, but these have been clearly insufficient. Governments in LDCs face serious budget constraints because of limited tax revenue, and the financing needs are too large for the donor community to cope with.

More recently, a number of LDCs have attempted to tap private capital, including in particular FDI, to build infrastructure. They have done so through liberalization or privatization programmes and concession agreements. This approach has worked well for mobile telecommunications, but has achieved limited or mixed results for other services, including electricity, ports, airports, railways and roads. Mobile telecommunications are almost strictly of a commercial nature and require relatively small-scale investments, provide quick and high returns on capital and are of a moderate regulatory complexity. This is unfortunately not the case for other infrastructure assets, which means that it is significantly more difficult to develop them based on private investment alone.

Addressing the problem of infrastructure successfully calls for the recognition that neither LDC Governments, nor development partners or the private sector alone will ever be able to provide solutions single-handedly. Yet, all parties also have an interest in seeing the problems resolved. What is called for is a new **partnership for infrastructure development in LDCs**. Although all players have been involved in building infrastructure in LDCs in the past, efforts have not been sufficiently coordinated so far, and new synergies should be actively pursued, with each player specializing in mutually reinforcing roles according to abilities, competences and opportunities.

Concretely, the partnership for infrastructure development would imply the following measures from the relevant partners.

Measures by LDC Governments

- Pursue a **careful liberalization of infrastructure sectors** in order to allow private investment where possible and warranted and to establish **well-crafted and stable regulatory frameworks** for key sectors, in particular electricity, telecommunications, transport and water. This means, among others to:
  - Segment infrastructure sectors where relevant and possible in order to introduce private investment under a competitive framework (e.g. clear segmentation of the electricity sector into generation, transmission, distribution and sales) and to facilitate targeted investment attraction.
  - **Ensure competitive outcomes and protect the national interest** by monitoring business practices and dominant positions. Levers could include regulatory guarantees (e.g. transparent pricing mechanisms) or maintaining a (semi-) public sector player in key infrastructure sectors (e.g. keep a certain percentage of power generation capacity under public ownership).

- o **Target private developers for small-scale infrastructure projects** that service other investors, such as industrial zones or export processing zones. Although not contributing to public infrastructure at the national level, these types of projects have worked successfully in more advanced developing countries and are not as difficult to attract.
- o Develop comprehensive infrastructure development plans to guide private and public investments and ensure that due consideration is given to the complementarity between different projects and that costs are minimized (e.g. joint building of roads and laying out of a fibre optic network or complementarity between road and railway).
- o Adopt a multi-country approach to infrastructure development wherever feasible, in particular in terms of building electricity and transport (road and railway) networks.

- Put in place a **legal framework for PPPs**, building on the experience of successful developing countries and taking inspiration from international best practices. Dedicated PPP units should be established in order to promote, manage and monitor PPPs in infrastructure. They should also prepare pipelines of projects for consideration by private investors, focusing first on the "low-hanging fruits" and projects of the smallest complexity in order to progressively build expertise and generate public support for PPPs.

Measures by development partners

Development partners should consider the establishment of an **LDC infrastructure development fund** specifically aimed at supporting public-private infrastructure development projects. The fund would provide innovative solutions and mechanisms for infrastructure development. It could, among others:

- **Actively promote PPPs with foreign investors**, in addition to providing concessional loans to LDC Governments. It could take direct participation in PPP projects under tri-lateral mechanisms (home country, investor and the dedicated fund), which could lower the risk perception of private investors.
- **Provide risk insurance to private investors in infrastructure projects**, including political risk, regulatory risk or foreign-exchange risk. It could also cover the costs of Governments seeking advice from investment banks when negotiating PPPs with potential partners.
- In addition:
    - o By centralizing ODA contributions for infrastructure development, a number of gains would be achieved: (1) the ability better to coordinate mutually reinforcing projects, including cross-border and regional ones; (2) economies of scale; (3) the ability to finance or co-finance larger-scale projects; (4) better coordination of multi-modal projects (e.g. ports and railway).
    - o The dedicated fund should not only centralize ODA support for infrastructure development, but also seek synergies with projects from multilateral development banks.
    - o The provision of technical assistance in designing adequate sectoral and PPP regulations and help LDCs build institutional capacity to manage private infrastructure projects should be a priority.
    - o The fund should help LDCs identify suitable projects and prepare background documents.
- The dedicated fund could also help LDCs maintain a public presence in areas earmarked either for partial privatization or for opening to private sector investment, in order to ensure continuity of public service functions, avoid the creation of private monopolies and promote competitive pressure.

Private sector investors clearly play a key role in ensuring a positive outcome of these actions, by **providing best available technologies and innovative solutions** to infrastructure issues (e.g. through the use of smart grids and renewable energy in electricity generation), and by adhering strictly and in good faith to bidding conditions and procedures.

2. Boost aid for productive capacity

Shortfalls in terms of skills and human capital are at least as big a constraint to development as poor roads, railways or electricity networks. The "soft" side of infrastructure (including institutions, the rule of law, health care and others) is a determining factor not only in the development of productive capacities, but also in a country's ability to attract foreign investors.

Over the past decades, LDCs have made significant progress in providing basic education to children and improving literacy rates. The average adult literacy rate in LDCs rose from 54% around 2000 to 58% in most recent data.[8] Although they are essential to long-term development, these efforts and progresses in basic education have not been sufficient to significantly improve skills for productive capacities and make people employable in the formal sector. In addition, average skills levels in most other developing countries have also increased rapidly, thereby generating a large global pool of cheap labour force for international investors to tap into.

A significant part of productive skills are acquired through on-the-job learning and under technical and vocational education and training (TVET), which has received insufficient attention in human capital development policies in most LDCs. While foreign investors – in particular efficiency-seeking investors and those focused on participating in global value chains – typically look for locations where they can access a readily available pool of skilled or easily trainable workers, they can also make significant contributions to the development of skills for productive capacities by offering formal and on-the-job training.

In order to break the catch-22 situation of productive skills being required to attract foreign investors and the latter being important contributors to the former, a **partnership to build skills for productive capacities** is called for. As in the case of physical infrastructure, it calls for a higher degree of coordination and mutually reinforcing efforts among the key players – LDC Governments, the donor community and private sector investors. Thus, although productive capacity should be a focus area for donor assistance in the next decade (hence the 'Aid for Productive Capacity' action title), LDC Governments retain a role of primary responsibility. The concrete measures involved are as follows.

Measures by LDC Governments

- **Increase investments in TVET**, in addition to basic and higher education, which receive the bulk of public financing at the moment. This would also involve measures to:
  - Provide limited and targeted tax incentives to encourage companies to offer formal training programmes to their employees, including deductions on taxable income or a tax credit.
  - Assess, in conjunction with representatives from the private sector, the technical skills that are in highest demand so as to direct investments towards the right productive skills.
  - Consult the business community in the definition of the curriculum of TVET institutions.
- Adopt immigration and **work permit policies that enable foreign investors to "kick-start" their operations** by easily employing foreign skilled workers where local skills are either not available or in short supply.
  - LDCs have all too often adopted restrictive policies on the employment of foreigners in order to reserve employment for nationals. Although arising from legitimate concerns and well-intentioned, these policies frequently prove detrimental to job creation and skills building in the medium and long term as they hamper the establishment of foreign investments in the first place. In recent years, Rwanda adopted a pioneering approach to human capital development, combining investments in education and TVET with a strongly proactive policy to tap foreign skills where necessary and allowing investors to employ needed foreign workers with ease. The policy built on the experience of Singapore and other countries and has proved very successful so far.

- o If Governments adopt more open policies on work permits for foreigners, they could also impose a small additional tax on the payroll of foreign employees. Proceeds would be earmarked to finance training for productive capacities, including in particular TVET programmes.

Measures by development partners

- Set up an **aid-for-productive capacity fund**, boosting the (limited) share of 'aid for trade' directed towards this goal, and specifically aimed at **supporting technical and vocational training and education and entrepreneurship** in LDCs. This fund would, among others:
  - o Provide direct financial support and technical assistance to TVET institutions across LDCs, including to build schools, acquire training equipment, define curriculums, hire teachers and support operating costs.
  - o Encourage higher-learning institutions to build partnerships with schools and universities in LDCs, including through exchanges of teaching material and fostering two-way exchanges of teachers.

Again the role of private sector investors is crucial. It is important that they build partnerships with TVET and higher-education institutions, for example by offering internships and apprenticeships to students, or by allowing and encouraging employees to teach on a pro-bono basis. They could also participate in or provide entrepreneurship training courses in higher-education.

3. Enable firms of all sizes to capture LDC opportunities

LDCs offer significant untapped business opportunities for nimble and innovative investors as well as potential for high returns on investment. Operating conditions, however, are clearly more challenging than in many other countries, which requires a high level of flexibility and adaptability on behalf of investors. In addition, markets are typically small, even where regional integration has progressed well.

This combination of factors implies that large TNCs frequently bypass investment opportunities in LDCs. Thus, although it is increasing, the number of the world's top TNCs that are present in LDCs is still relatively small (table I.1), and large-scale investments are often confined to natural resource extraction. Where large global TNCs are present, it is frequently through small representative offices geared towards sales rather than through production-oriented affiliates.

Smaller TNCs, however, have demonstrated their ability to adapt to business conditions in LDCs and have found sufficient scale to justify the establishment of affiliates. They have contributed to economic diversification and the development of clusters of activities, given their own sectoral specialization. While seeking to enter the value chains of global TNCs is indispensible to the long-term development prospects of LDCs, it is no less important to build basic productive capacities and further strengthen domestic markets. In that respect, attracting small scale foreign investors is absolutely essential, and due consideration should be given to address their concerns and promote their activities.

Governments in LDCs and development partners should step up efforts to **encourage small- and medium-scale international investors to tap into under-exploited business opportunities** and contribute to economic diversification and cluster development. They should also better **promote the types of FDI that offer a good match with LDCs needs and opportunities**. Concretely, this would imply the following measures from the relevant partners.

Measures by LDC Governments

- **Proactively promote SME-FDI** from within each country's regional area and from other countries. This would mean, among others to:

- o Ensure that appropriate attention by policy-makers and public institutions is given to SME-FDI and that there is no excessive large-scale investor bias.
- o Mandate IPAs to pay particular care to provide adequate standards of treatment, support and facilitation to SME-FDI. They should also specifically target SME-FDI as a source of economic diversification.
- o Develop tools to measure FDI flows and assess their impact beyond a mere evaluation of "dollars invested". Such tools are essential to guide policy making and seek an adequate match between country needs and what different types of foreign investors can contribute. UNCTAD has provided technical assistance on FDI data collection, and additional efforts should be undertaken to develop a methodology to assess impact (annex box 1)

- Prepare specific **policies for areas where leapfrogging opportunities exist** and provide incentives where necessary, including targeted tax incentives if relevant. Leapfrogging opportunities have already been utilized in telecommunication (with the rapid development of mobile telecommunication networks) and ancillary services (e.g. mobile phone banking or payment services in rural areas), with innovations partly driven by local companies and by foreign investors. Although Governments are hardly in a position to predict the next innovation, they should provide adequate frameworks for innovation to flourish in key sectors. In particular, regulatory frameworks in the electricity sector need to be reviewed in the light of innovations in renewable energies (solar, wind, co-generation) – another area in which LDCs may have a leapfrogging opportunity – to ensure that potential regulatory hurdles to new mechanisms are eliminated (e.g. inability of co-generators to supply electricity to the grid).
- **Tap into the rising pool of "impact investors"**. A rising pool of capital is becoming available in developed economies for "impact investment", i.e. profit-oriented projects that aim to solve social and environmental challenges.[9] They are distinct from "responsible investment" in the sense that they not only seek to be carried out under good social practices (e.g. minimize environmental impact and respect workers' rights), but actually make the provision of solutions to social and development problems not fully addressed otherwise an integral part of their objectives. They operate at the crossroads between philanthropy and strictly profit-oriented businesses. Tapping into these new forms of investments can provide valuable opportunities for LDCs where social and environmental issues are particularly acute, but would require specific targeting efforts by IPAs.

Measures by development partners

- **Establish risk coverage institutions dedicated to SME-FDI at the national level**. The Multilateral Investment Guarantee Agency (MIGA) already provides coverage for five categories of risk (currency transfer restrictions, expropriation, war and civil disturbance, breach of contract and non-honouring of sovereign financial obligations) for investors in member countries, which include most LDCs. So far, however, MIGA guarantees have been used predominantly by relatively large investors and global TNCs. MIGA's gross guarantee exposure to Sub-Saharan Africa stands now at $1.1 billion, equivalent to 14 per cent of the agency's outstanding portfolio, and constituted 26 per cent of all projects supported by the agency during the fiscal year 2010.[10] At the national level, some developed countries also offer risk coverage for their companies to invest overseas, as well as access to finance on preferential terms (e.g. the Overseas Private Investment Corporation, OPIC, in the United States). In order to complement MIGA, developed countries could generalize the creation of risk coverage and financing institutions specifically targeted at SME investors seeking to establish affiliates overseas. Being targeted at SMEs, these institutions would provide streamlined procedures compared to what MIGA offers, along the line of what has already been implemented at OPIC.
- Put in place additional measures to **enable home-country firms to tap into business opportunities in LDCs**, including by:
  - o Establishing **coordination mechanisms between export promotion agencies in developed countries and IPAs in LDCs** to identify potential investors. Export-oriented

SMEs are the most likely candidates for SME-FDI. Given that export-promotion institutions have the best knowledge of these companies, useful synergies and cooperation could be established with IPAs in LDCs in order to enable them to target potential investors. Formal cooperation programmes could be established for the mutual benefit of LDCs and home countries of FDI.

- Providing an **adequate regulatory framework for the promotion of "impact investment"**. The harmonious development of the industry and the ability of "impact investors" to mobilize funds partly depends on the establishment of a specific regulatory framework setting standards for the measurement and reporting of social and environmental impact, rules on what types of projects qualify as "impact investments", and potentially the tax treatment granted to such investments as opposed to standard businesses. "Impact investment" remains in its infancy and governments in developed countries could do much to promote it through adequate regulations. These could be prepared in association with the Global Impact Investing Network, which has taken the leadership in coordinating initiatives among "impact investors".
- **Encouraging low-carbon FDI** that leads to the transfer of technologies. LDC needs will have to be adequately addressed in the context of the United Nations Framework Convention on Climate Change, and it will be important to replenish and reform the LDC Fund. Improving and promoting access for projects in LDCs under the Clean Development Mechanism would also be a way to foster FDI and promote transfers of clean technologies.

4. Foster local business and ease access to finance

Regardless of how large its contribution to development in terms of capital, job creation, economic diversification, transfers of technology, skills and know-how could become, FDI will never be a substitute for national investment. No country has ever developed entirely on the basis of FDI. Quite to the contrary, foreign investors have typically been attracted by countries where the local business sector is thriving and dynamic. In fact, FDI and national investment are complementary in many ways, as TNCs need a minimum level of local services and suppliers to operate.

Efficient and dynamic local businesses and high levels of national investment are particularly important for efficiency-seeking foreign investors, which LDCs need to attract on a much larger scale and sustainable basis if they are to integrate into global value chains in the future. In addition, TNCs are increasingly using non-equity modalities of involvement in their internationalization strategies, which require partnerships with local businesses. This is the case, for example, of franchising, contract-manufacturing, business-process-outsourcing, licensing or contract farming. If LDCs are to tap into these development opportunities, significantly stronger local enterprises need to develop, from SMEs to large companies. Finally, stronger local businesses are necessary to avoid enclave effects and to maximize the benefits of FDI through linkages and transfers of technology and know-how.

Strategies to strengthen local businesses and entrepreneurship should thus form an integral part of efforts to attract higher and more diversified FDI inflows. Such strategies should address the key barriers to local business development, including, first and foremost, the local financing gap, but also regulatory, institutional and other hurdles to formal business development.

A number of initiatives could be considered by the relevant partners.

Measures by LDC Governments

- **Establish credit guarantee schemes to support lending to micro, small and medium-sized enterprises** that would otherwise go unserved. This could involve **strengthening the role of development banks** and increasing their capitalization if necessary. Development banks could increasingly work in association with micro-lending institutions in order to channel credit to micro-businesses.

- Introduce broader regulatory and legal reforms to, on the one hand, **ease SME access to bank lending** (for example by increasing access to collateral by reducing barriers to property registry) and, on the other hand, **strengthening the position of lenders in the SME market** by reducing enforcement costs for lenders and securing creditor's rights, and through steps related to improving the amount and quality of financial information about SMEs (for example through accounting and auditing standards and credit reporting systems, registries and credit bureaus). Other measures to improve the financial infrastructure would include well-functioning collateral and insolvency regimes.
- Step up efforts to **integrate informal businesses into the formal economy**, not so much through coercion as through encouragement measures, including simplification of regulatory requirements on micro and small enterprises.
- Establish formal linkages programmes to help local businesses and foreign investors team up (annex box 1).

Measures by development partners

- **Support the development of financial infrastructure in LDC**s through technical assistance. In addition to addressing financial regulatory and institutional shortcomings such assistance could focus on hard infrastructure aspects such as payments and settlement systems.
- **Support increased lending and credit guarantee schemes for micro, small and medium-sized enterprises**. While lending to Governments is ensured through institutions like the World Bank, and lending to relatively large-scale private investors through organizations like the International Finance Corporation, the 'market' for lending support to micro-enterprises and SMEs in LDCs is underserved. The donor community could explore novel mechanisms to help national or regional development banks and credit guarantee schemes to offer loans on concessional terms as well as take equity participations in SMEs.
- Help national institutions supporting SMEs in LDCs to build methodologies for the preparation and evaluation of business plans, assessment of local, regional and international business opportunities (trade or business partnerships) and provision of ad-hoc managerial or technological advice.

The role of private investors is again crucial. While non-banking TNCs can support local business development by participating in linkages programmes and maximizing local sourcing of inputs, international financial institutions can be especially helpful by playing a catalyst role in building local financial infrastructure in LDCs as part of their long-term market development strategies.

5. Start the next wave of regulatory and institutional reforms

LDCs have implemented major reforms to their regulatory framework for investment over the past decades, including with technical assistance from UNCTAD under its Investment Policy Review programme and from other development institutions. The early wave of reforms under structural adjustment programmes put a strong emphasis on liberalizing the economy, privatizing commercially-oriented State-owned enterprises, opening up the economy to FDI and improving the standards of treatment and protection of foreign investors. More recently, many countries have initiated efforts to reduce the administrative barriers to investment in the hope of promoting entrepreneurship and business development.

As evidenced in the previous chapters, investment by nationals and foreigners remains weak in most LDCs, and below the level of capital accumulation needed to generate high growth rates on a sustained basis. Opening up to FDI and offering sound standards of treatment and protection (either through domestic law or through international investment agreements) has not been sufficient to generate sustained high inflows. In addition, reforms to regulatory frameworks for investment appear to be incomplete in most countries. The World Bank's *Doing Business* report shows that 27 LDCs place in the bottom 33 countries in the general "ease of doing business" ranking, which includes 183 countries. Disparities are strong, however, as 6 LDCs also placed in the top 100. Strikingly, the World Bank's *Investing Across Borders* also shows that sub-Saharan Africa (and individual LDCs) has among the least sectoral restrictions on foreign ownership of assets.

Furthermore, even sound legal frameworks for investment are ineffective unless implemented and backed-up by strong institutions and regulatory bodies independent of political pressure and protected from arbitrariness. The results of the significant improvements in the investment climate in LDCs have not fully materialized in part because of institutional weaknesses.

What emerges from this is that: (1) an open regime to FDI and a sound regulatory framework on paper are necessary but not sufficient conditions to attract foreign investors and generate business development; (2) although significant reforms have been carried out in most LDCs, much remains to be done; (3) a good part of the reforms has focused on liberalization and issues of a macro-economic nature; and (4) legal reforms are ineffective unless genuinely implemented by strong institutions.

In order to bring the improvement of regulatory frameworks for investment in LDCs to the next level and to ensure that the next wave of reforms generates more significant impacts on investment flows, a new approach is suggested for the next decade.

All too often, LDCs continue to view regulations through the lens of the need to control and monitor. Insufficient attention has been paid to the need for regulations to also play facilitation and promotion functions. It is therefore suggested for Governments in LDCs to **implement a new wave of regulatory reforms aiming to regulate businesses as partners for development**. What this implies is that businesses are viewed by regulators as key actors through which societal goals are achieved and that a genuine and mutually reinforcing partnership is built upon, in lieu of a regulator – regulated or principal – agent relationship.

This partnership approach should permeate throughout the investment framework. Concretely, it implies that regulations are designed in a way to minimize operational constraints on businesses and maximize room for innovation, while still achieving regulatory purpose. It also means that regulations and procedures are systematically analyzed by regulators from an investor's perspective, and designed in a way to facilitate and minimize compliance costs. Such an approach would, for example, translate into setting performance standards in terms of energy efficiency or emission of pollutants while leaving room to innovate on how to achieve the standards. In terms of taxation, it could for example translate into self-assessment methods for the payment of corporate income taxes.

In addition to adopting a partnership-based approach to regulating investment, Governments in LDCs should also **put increasing emphasis on aspects of regulations that shape FDI impact and strengthen State institutions**. As mentioned above, past reforms have emphasized liberalization aspects, including opening up to FDI and providing sound standards of treatment and protection. A strong emphasis should now be placed on regulations that enable a strengthening of State institutions and public services (such as taxation and governance) and that affect FDI impact (such as competition or environmental regulations). Such efforts should be combined with a renewed drive for institutional and capacity-building in government.

The partnership-based regulatory approach to investment and the revised focus of reforms would imply the following measures from the relevant partners.

Measures by LDC Governments

- Regulate businesses as genuine partners for developments by building on mutually reinforcing interests and deepening reforms of the legal framework for investment. This would imply, among others to:

- **Avoid "command and control" biases** in key regulations and ensure that business facilitation and promotion aspects are properly integrated.
- Establish **systematic consultation mechanisms with national and foreign investors** in the process of drafting laws and regulations.
- Systematically review key laws affecting investors in order to **identify redundant or unnecessary regulatory and procedural requirements**.
- Put in place and regularly update well-defined **policies for priority sectors** in order to provide supportive measures for investors and set a clear context and guiding principles for investment.

- Initiate a new **reform drive on State-strengthening and FDI impact-determining regulations**, in particular: (1) corporate taxation; (2) competition law; (3) sectoral regulations, including energy and transport; (4) public governance; and (5) PPPs. Corporate taxation laws should strive to strike a better balance than has been typically achieved so far between investment promotion objectives and the need to ensure an adequate level of tax revenue for basic public services and government operations. Particular attention should be paid to the taxation of activities in natural resource extraction, and a better coordination between neighbouring LDCs could be achieved in order to avoid excessive competition on tax incentives. Competition laws, in turn, are particularly important to nurture efficient markets and maximize the benefits of foreign investors' participation in the local economy, including in terms of crowding in and benefits to local consumers.
- Translate the partnership approach to crafting regulation highlighted above into practice by regulatory institutions. This would include, for example:
  - **Building client-oriented IPAs**, even though many in LDCs still have regulatory functions as part of their mandate (e.g. through issuing investment licenses or certificates), and raising their awareness and understanding of constraints facing investors. IPAs should be capable of taking the lead in pushing the client-oriented approach in other institutions, including sectoral regulators, tax authorities and company or land registries, providing concrete cross-institutional assistance to the investor clients.
  - Mandating all regulatory bodies directly in contact with investors to elaborate **"client charters"**. Such charters would clearly spell out and advertise the level of service that investors have the right to expect (including time to obtain licenses, costs, etc) in exchange for complying with regulations and in the context of a partnership between regulator and regulated.
- **Strengthen efforts to combat corruption**, building on zero tolerance for petty and grand corruption. Rooting out corruption is extremely complicated, but is one of the most effective measures to promote investment and development. A renewed drive to address the issue is necessary as many LDCs continue to rank among the nations with the highest incidence of corruption on most international indices.
- Achieve a higher level of **institutional cooperation among LDCs** as part of regional partnership or trading agreements. Partnerships should be reinforced in particular between customs, tax and competition authorities, and sectoral regulators where regional issues are most relevant. Learning from peers and pooling resources offer avenues for mutual capacity-building and would put regulatory institutions on a stronger footing when addressing issues with large investors (e.g. unfair competition or tax evasion).

Measures by development partners

- **Strengthen technical assistance on key regulatory issues**, in particular for the areas mentioned above. This would include support under UNCTAD's Investment Policy Reviews, IMF technical assistance for tax reforms and assistance under the World Bank's Doing Business to reduce the administrative burden of regulations.
- Support capacity-building efforts by offering to **twin regulatory institutions** in developed and middle-income economies with their peers in LDCs. This could imply exchanges of best practices and information. It could involve two-way exchanges or secondment of staff on a temporary

basis. Ideally, each key regulatory institution (e.g. tax, competition, electricity or central bank) in every LDC would be twinned with a peer.

- **Adopt home-country measures to support LDCs in key regulatory areas**. This could include, among others to:
    - o Strengthen cooperation with LDCs to **fight tax engineering and tax evasion** by TNCs through transfer pricing, which deprives LDCs of financial resources.
    - o Negotiate withholding tax rates on dividends, royalties and interest payments in the context of double taxation treaties that permit LDCs to obtain a fair share of tax revenues arising from TNC activities.
    - o Strengthen **home-country oversight of business practices of TNCs** in LDCs, including in particular in the area of anti-competitive practices and in the area of corruption.
    - o Provide sufficient policy space for LDCs to define supportive sectoral policies when negotiating international investment agreements, either as bilateral investment treaties, double taxation treaties or other agreements such as the EU's economic partnership agreements.
    - o Introduce further **flexibility in rules of origin** in the application of preferential trade access for LDCs so as to improve the latter's attractiveness as export platforms for international investors.

To ensure the success of the next wave of regulatory and institutional reform, the role of private investors is fundamental. At the basic level this implies their commitment to behave as responsible investors, including by complying with national laws and regulations and committing to international standards of practice (e.g. the UN Global Compact or the OECD Guidelines for Multinational Enterprises), and their commitment to transparency in operations and reporting on activities of affiliates in LDCs. At a more innovative level, they should actively participate in consultation mechanisms on draft laws and regulations; foreign investors could for example be asked to provide comments on the basis of best practices observed in other countries where they operate.

* * *

In conclusion, the Plan of Action for Investment in LDCs focuses on five areas of recommendations to deal with the key barriers to growth of private sector investment, including foreign direct investment, in LDCs. The Actions (summarized in the table on the next page) are mostly not new. They build on existing efforts to improve the investment climate in LDCs and on existing support provided by the international development community. However, the Action Plan recognizes that a significant boost of private investment in LDCs, of the type required to meet the development goals set out in the previous Programme of Action, requires a concerted effort that holistically addresses all the main shortcomings of the regulatory, institutional, business, financial and physical infrastructure in LDCs through a focused set of measures, with clear responsibilities for both LDC Governments themselves and the international donor community, and with an explicit role for private sector investors.

Notes

1 Afghanistan, Equatorial Guinea, Angola, Myanmar, Chad, Cambodia, Sudan, Sierra Leone, Mauritania, Bhutan, Ethiopia, Mozambique, United Republic of Tanzania, Uganda and Lao Democratic Republic have each reached an annual average growth ranging from 7 per cent to 18.6 per cent over 2002-2007, and the per capita GDP growth in LDCs was 4.9 per cent compared to 5.1 per cent for other developing countries over the same period (UNCTAD, 2010).

2 Negative average rates of per capita income growth were observed over 2002-2007 in Burundi, Central African Republic, Comoros, Eritrea, Gambia, Guinea-Bissau, Haiti, Kiribati, Liberia, Timor-Leste and Togo (UNCTAD, 2010).

3 UNIDO has carried out a survey in 2005 of 3,484 foreign investors in sub-Saharan African countries, out of which 1,216 valid responses were obtained. The countries were Burkina Faso, Cameroon, Cote d'Ivoire, Ethiopia, Ghana, Guinea, Kenya, Madagascar, Malawi, Mali, Nigeria, Senegal, United Republic of Tanzania, Uganda and Mozambique.

4 Information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com).

Plan of Action for Investment in LDCs: Synoptic List of Measures

Actions	Selected measures on the part of …	
	LDC Governments	**Development partners**
Strengthen Public-Private Infrastructure Development Efforts	• Careful liberalization of infrastructure sectors and stable regulatory frameworks. • Legal and regulatory framework for PPPs, with pipeline of projects and regional coordination.	• LDC infrastructure development fund focused on Infrastructure PPPs: risk coverage, direct participation and lending on soft terms. • Technical assistance for regulation and implementation of infrastructure PPPs.
Boost Aid for Productive Capacity	• Increased public investment in technical and vocational training. • Reform of immigration and work permitting procedures.	• Aid-for-productive capacity funds, including support for technical and vocational training and entrepreneurship.
Enable Firms of All Sizes to Capture LDC Opportunities	• Proactive targeting of SME-FDI and “impact investors”. • Conducive investment policy frameworks for ‘leapfrogging opportunity’ sectors, e.g. telecom services, renewable energy.	• Risk coverage institutions at the national level to service SME-FDI. • Home-country measures to help firms tap into business opportunities in LDCs: IPA-EPA coordination mechanisms, “impact investment” regulatory framework.
Foster Local Business and Ease Access to Finance	• Credit guarantee schemes for micro, small and medium-sized firms, and strengthened development banks. • Regulatory reform to enable SME access to bank lending and strengthen financial infrastructure. • Simplification of procedures for formal business development	• Technical support for the development of financial infrastructure and regulatory and institutional environment. • Support for increased lending and credit guarantee schemes for SMEs.
Start the Next Wave of Regulatory and Institutional Reform	• New reform drive on State-strengthening and FDI impact-determining regulatory issues, including taxation and competition. • Building on mutually reinforcing interests: avoid command and control regulatory bias, establish systematic consultation mechanisms with investors on draft laws. • Building client-oriented investment institutions. • Strengthened efforts to combat corruption under top to bottom zero-tolerance policy.	• Strengthened technical assistance on key regulatory issues, including taxation and competition. • Systematic institution twinning. • Adoption of home-country measures to support LDCs: tax engineering avoidance, oversight of business practices by TNCs.

Notes

5 See data in the investment profiles of individual countries in this study.

6 The econometric model used here to examine the empirical evidence, which was developed in WIR99 (UNCTAD 1999), is as follows: $I_{i,t} = \alpha_i + \beta_1 F_{i,t} + \beta_2 F_{i,t-1} + \beta_3 F_{i,t-2} + \beta_4 I_{i,t-1} + \beta_5 I_{i,t-2} + \beta_6 G_{i,t-1} + \beta_7 G_{i,t-2} + \varepsilon_{i,t}$ where I = investment to GDP ratio; F = FDI inflows to GDP ratio; G = growth of GDP.

7 www.enterprisesurveys.org.

8 LDCs: facts and figures from UN Office of the High Representative for the Least eveloped Countries, Landlocked Developing Countries and Small Island Developing States (http://www.un.org/ohrlls/), accessed in April 2011.

9 The concept of “impact investment” has emerged from a variety of sources, but mostly from the investor community itself. The United States Department of State supports the concept and is now seeking to advance it through partnerships (http://www.state.gov/s/partnerships/impact/index.htm). The website of the Global Impact Investing Network provides also useful information on this (http://www.thegiin.org/cgi-bin/iowa/investing/index.html).

10 MIGA Annual Report 2010, p. 45.

ANNEXES

Annex box 1. UNCTAD’s technical assistance in collecting and reporting statistics on FDI and activities of TNCs in LDCs

As the focal point in the United Nations system for investment and enterprise development, UNCTAD promotes, building on three decades of experience, a better understanding of key issues related to FDI, and assists developing countries in attracting and benefiting from FDI in building their productive capacities and international competitiveness. Due to a lack of human and institutional capacity and different FDI regulatory frameworks and reporting standards, many developing countries especially LDCs have found it difficult to follow internationally accepted standards. To alleviate the problems related to the lack of relevant, reliable and timely information on FDI and activities of TNCs, UNCTAD is undertaking capacity-building activities in LDCs aimed at helping the collection, improvement and international harmonization of such statistics.

A large part of UNCTAD’s technical assistance takes the form of national or regional workshops, bringing together all relevant stakeholders (central banks, national statistical offices, company registries, IPAs, etc) dealing with FDI/TNC statistics with the objective of enabling LDCs to collect and report FDI statistics that can, among others, help in making appropriate decisions and formulating development-oriented policies in the area of attracting FDI. Since the inception of this programme in 2004, UNCTAD has carried out around 40 workshops, among which 11 took place in LDCs.

The workshops raise awareness about internationally accepted standards regarding the compilation of data on FDI and the activities of foreign affiliates, discuss the UNCTAD common survey on FDI and TNCs; help understand definitions and methodologies in the area of FDI/TNC statistics, and provide advice on specific issues and challenges of particular interest to the country/region. In order to ensure adequate follow up, they also initiate networking among national authorities involved in FDI data compilation and reporting.

Source: UNCTAD.

Annex table 1. FDI inflows to LDCs, by sub-region and economy, 2001–2010
(Millions of dollars)

Region/economy	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
All LDCs	7 134.1	8 308.3	12 519.4	12 696.3	14 811.8	20 890.3	25 551.3	32 341.4	28 338.7	24 270.1
Africa	6 143.0	7 415.7	11 642.3	11 447.5	13 286.5	17 365.1	22 020.1	27 850.8	25 581.5	21 338.5
Angola	2 145.5	3 133.5	5 685.0	5 606.4	6 794.2	9 063.7	9 795.8	16 581.0	13 100.6	7 873.2
Benin	43.9	13.5	44.7	65.2	53.4	54.9	261.3	173.8	92.5	216.8
Burkina Faso	6.3	15.0	29.1	14.3	34.2	33.6	343.5	137.1	171.4	37.1
Burundi	- 0.0	0.0	- 0.0	0.0	0.6	0.0	0.5	13.6	9.9	14.1
Central African Republic	5.2	5.6	22.2	28.6	32.4	34.6	56.7	117.1	42.3	72.0
Chad	459.9	924.1	712.7	466.8	- 99.3	- 279.2	- 69.5	233.6	461.8	781.4
Comoros	1.1	0.4	0.8	0.7	0.6	0.6	7.5	7.5	9.1	9.4
Congo, Democratic Republic of	80.3	141.1	391.3	409.0	-	256.1	1 808.0	1 726.8	951.4	936.0
Djibouti	3.4	3.4	14.2	38.5	22.2	108.3	195.4	228.9	99.6	31.8
Equatorial Guinea	940.7	323.4	689.8	340.9	769.1	469.5	1 242.7	- 793.9	1 636.2	1 369.1
Eritrea	12.1	20.0	22.0	- 7.9	- 1.0	0.5	- 0.1	- 0.2	0.0	55.6
Ethiopia	349.4	255.0	465.0	545.1	265.1	545.3	222.0	108.5	93.6	374.3
Gambia	35.5	42.8	14.9	49.1	44.7	71.2	76.5	70.1	47.4	37.4
Guinea	1.7	30.0	82.8	97.9	105.0	125.0	385.9	381.9	140.9	589.0
Guinea-Bissau	0.4	3.5	3.5	9.2	8.0	17.3	18.6	6.0	14.0	8.8
Lesotho	28.2	26.9	41.9	53.3	57.3	88.5	96.6	55.6	48.0	53.2
Liberia	8.3	2.8	372.2	75.4	82.8	107.9	131.6	200.0	378.0	351.0
Madagascar	93.1	61.1	95.5	95.2	86.0	294.2	777.5	1 179.8	542.6	1 125.0
Malawi	60.1	16.7	65.8	107.7	52.3	72.2	92.1	170.0	60.4	140.0
Mali	121.7	243.8	132.3	100.2	224.7	82.1	65.5	179.7	109.1	147.6
Mauritania	76.7	67.4	101.9	391.6	814.1	105.5	138.3	338.4	- 38.3	13.6
Mozambique	255.4	347.3	336.7	244.7	107.9	153.7	427.4	591.6	881.2	808.0
Niger	22.9	2.4	11.5	20.3	30.3	50.5	129.0	565.9	738.9	946.9
Rwanda	18.5	1.5	2.6	10.9	14.3	30.6	82.3	103.4	118.7	85.8
São Tomé and Principe	3.0	3.6	3.4	3.5	15.7	37.5	35.3	32.5	35.8	39.5
Senegal	31.9	78.1	52.5	64.0	52.3	210.4	272.7	272.4	207.5	237.2
Sierra Leone	9.8	10.4	8.6	61.2	83.2	58.8	96.6	53.0	33.4	35.8
Somalia	0.0	0.1	- 0.9	- 4.8	24.0	96.0	141.0	87.0	108.0	112.0
Sudan	574.0	713.2	1 349.2	1 511.1	2 304.6	3 541.4	2 436.3	2 600.5	3 034.1	2 671.7
Togo	63.6	53.4	33.7	59.4	77.0	77.3	49.2	23.9	50.1	41.1
Uganda	151.5	184.6	202.2	295.4	379.8	644.3	733.0	787.4	798.8	689.6
United Republic of Tanzania	467.2	387.6	308.2	330.6	494.1	597.0	647.0	679.3	645.0	700.0
Zambia	71.7	303.4	347.0	364.0	356.9	615.8	1 323.9	938.6	959.4	734.5
Latin America and the Caribbean	4.4	5.7	13.8	5.9	26.0	160.0	74.5	29.8	38.0	42.0
Haiti	4.4	5.7	13.8	5.9	26.0	160.0	74.5	29.8	38.0	42.0
Asia	961.1	838.8	830.2	1 196.3	1 470.4	3 257.9	3 363.1	4 335.8	2 513.3	2 692.8
Afghanistan	0.7	50.0	57.8	186.9	271.0	238.0	243.0	300.0	185.0	260.0
Bangladesh	354.5	328.3	350.2	460.4	845.3	792.5	666.4	1 086.3	700.2	970.8
Bhutan	0.0	2.1	2.5	3.5	9.0	6.1	73.3	29.7	14.7	11.7
Cambodia	149.4	145.1	84.0	131.4	381.2	483.2	867.3	815.2	530.2	738.3
Lao People's Democratic Republic	23.9	25.0	19.5	17.0	27.7	187.4	323.5	227.7	318.6	350.0
Myanmar	192.0	191.4	291.2	251.0	235.8	427.8	257.7	283.5	578.6	630.0
Nepal	20.9	- 6.0	14.8	- 0.4	2.4	- 6.6	5.9	1.0	38.6	39.0
Timor-Leste	84.3	1.2	4.7	2.9	0.1	8.5	8.7	37.8	18.3	22.0
Yemen	135.5	101.7	5.5	143.6	- 302.1	1 121.0	917.3	1 554.6	129.2	- 329.0
Oceania	25.6	48.0	33.1	46.6	29.0	107.3	93.6	125.0	205.9	196.8
Kiribati	15.1	14.5	16.4	18.8	0.8	12.9	- 8.3	1.9	2.2	- 1.4
Samoa	1.2	- 0.1	0.5	2.2	- 3.6	12.0	1.0	13.0	1.4	5.1
Solomon Islands	- 9.3	- 4.0	- 1.8	5.7	18.6	34.1	66.7	75.5	173.0	161.6
Tuvalu	0.6	25.0	0.0	0.0	- 0.0	4.7	0.1	1.7	2.2	1.5
Vanuatu	18.0	12.6	17.9	19.8	13.3	43.6	34.0	32.9	27.2	30.0

Source: UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics).
Note: Data for 2010 are estimates.

Annex table 2. FDI inward stock in LDCs, by sub-region and economy, 2001–2010

(Millions of dollars)

Region/economy	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
All LDCs	44 812.6	52 832.3	58 404.3	66 684.0	71 068.0	82 974.4	96 850.6	112 443.4	130 218.9	154 489.0
Africa	33 593.4	40 837.3	45 787.8	52 903.3	56 547.1	65 169.5	75 779.1	87 411.8	103 208.2	124 546.6
Angola	10 123.4	13 256.8	11 987.5	13 436.7	12 132.9	12 095.1	11 201.8	12 880.0	16 515.2	24 388.4
Benin	173.8	176.3	231.2	269.0	284.3	384.5	556.3	602.4	694.9	911.7
Burkina Faso	15.9	23.3	51.9	48.8	75.4	169.6	559.5	696.6	868.0	905.1
Burundi	46.8	46.8	46.8	46.8	47.4	47.5	48.0	61.6	71.5	85.6
Central African Republic	109.5	115.1	137.3	165.9	198.3	232.9	171.8	254.4	296.7	368.7
Chad	1 035.7	1 959.9	2 672.5	3 139.3	3 040.0	2 760.8	2 691.3	2 924.9	3 386.7	4 168.0
Comoros	21.8	22.2	23.0	23.7	24.2	24.8	32.3	39.9	49.0	58.4
Congo, Democratic Republic of	699.4	816.4	974.4	984.3	908.3	800.5	1 520.5	2 520.5	3 058.0	3 994.0
Djibouti	43.4	46.9	61.2	99.7	158.7	322.3	517.7	751.7	851.7	883.5
Equatorial Guinea	2 000.7	2 324.1	3 013.9	3 354.8	4 124.0	4 593.5	5 836.2	5 042.3	6 678.6	8 047.6
Eritrea	349.5	369.5	391.5	383.6	382.6	383.1	382.9	382.7	382.7	438.3
Ethiopia	1 290.5	1 545.5	2 010.5	2 555.6	2 820.8	3 366.0	3 588.0	3 696.5	3 790.1	4 164.4
Gambia	220.9	263.8	278.7	327.8	372.5	443.7	520.1	590.2	637.6	675.0
Guinea	265.0	295.0	377.8	475.7	580.7	705.7	1 091.6	1 473.5	1 614.3	2 203.3
Guinea-Bissau	38.4	42.0	94.6	112.1	104.7	135.1	171.0	167.3	181.2	190.1
Lesotho	357.8	384.7	426.6	479.9	537.2	629.2	734.9	933.7	1 075.5	1 128.7
Liberia	3 254.9	3 257.7	3 629.9	3 705.2	3 788.0	3 895.9	4 027.5	4 227.5	4 605.5	4 956.5
Madagascar	142.6	180.5	259.0	256.6	245.7	738.8	1 773.4	2 953.2	3 495.9	4 620.8
Malawi	419.0	390.5	409.9	562.3	503.0	535.6	590.3	760.3	820.7	960.7
Mali	210.4	524.2	682.6	756.4	871.6	965.6	966.7	977.6	1 086.7	1 234.4
Mauritania	222.7	290.1	392.0	783.6	1 597.7	1 703.2	1 841.5	2 179.9	2 141.6	2 155.3
Mozambique	1 504.6	1 851.9	2 188.6	2 441.5	2 630.0	2 789.0	3 216.3	3 807.9	4 689.2	5 497.2
Niger	61.5	70.0	78.8	115.2	100.0	161.1	276.6	623.8	1 362.7	2 309.6
Rwanda	57.0	57.0	62.0	69.0	77.0	107.6	189.9	293.2	411.9	497.7
São Tomé and Principe	14.4	18.0	21.4	24.9	40.6	78.1	113.4	145.9	181.7	221.2
Senegal	194.3	241.6	346.6	441.2	358.2	477.1	838.6	1 170.6	1 378.1	1 615.3
Sierra Leone	293.8	304.2	312.8	374.0	299.9	453.0	612.1	426.1	459.5	495.3
Somalia	3.7	3.8	3.0	- 1.8	22.2	118.2	259.2	346.2	454.2	566.2
Sudan	1 971.8	2 685.0	3 868.4	5 379.4	7 684.1	11 225.5	13 661.8	16 262.3	19 296.4	21 968.1
Togo	490.4	543.7	577.5	636.8	713.8	791.2	840.3	864.2	914.3	955.4
Uganda	962.3	1 146.9	1 349.1	1 644.6	2 024.4	2 668.6	3 401.7	4 189.0	4 987.8	5 677.4
United Republic of Tanzania	2 959.7	3 242.7	4 138.6	4 758.5	4 390.0	5 342.0	5 942.0	6 621.3	7 266.3	7 966.3
Zambia	4 037.7	4 341.1	4 688.1	5 052.1	5 409.0	6 024.8	7 603.9	8 544.5	9 503.9	10 238.4
Latin America and the Caribbean	99.1	104.8	118.6	124.5	150.5	311.1	385.6	415.4	446.0	488.0
Haiti	99.1	104.8	118.6	124.5	150.5	311.1	385.6	415.4	446.0	488.0
Asia	10 133.6	10 855.7	11 430.3	12 475.9	13 188.2	16 069.7	18 978.3	22 644.8	24 387.5	27 080.3
Afghanistan	17.9	67.9	125.7	312.6	583.6	821.6	1 064.6	1 364.6	1 549.6	1 809.6
Bangladesh	2 202.0	2 451.0	2 876.0	3 091.0	3 486.0	4 187.0	4 399.0	4 816.0	5 139.0	6 109.8
Bhutan	4.4	6.5	9.0	12.5	21.5	27.6	100.9	130.6	167.0	178.7
Cambodia	1 729.3	1 874.4	1 958.4	2 089.8	2 471.0	2 954.2	3 821.5	4 636.7	5 169.2	5 907.5
Lao People's Democratic Republic	579.8	604.8	624.2	641.2	668.9	856.3	1 179.8	1 407.5	1 564.2	1 914.2
Myanmar	4 056.8	4 248.2	4 539.4	4 790.5	4 862.0	5 004.9	5 262.6	5 546.0	5 869.0	6 499.0
Nepal	116.2	110.2	125.0	124.6	127.0	120.5	126.4	127.4	166.0	204.9
Timor-Leste	155.9	157.1	161.8	164.8	164.8	173.3	182.0	219.8	238.2	260.2
Yemen	1 271.3	1 335.6	1 010.7	1 248.9	803.3	1 924.3	2 841.6	4 396.2	4 525.4	4 196.4
Oceania	986.5	1 034.5	1 067.6	1 180.3	1 182.2	1 424.2	1 707.6	1 971.3	2 177.3	2 374.1
Kiribati	84.2	98.7	115.1	133.9	134.6	147.6	139.3	141.2	143.4	142.1
Samoa	54.6	54.5	55.0	57.2	53.6	65.6	66.6	79.5	80.9	86.0
Solomon Islands	372.6	368.6	366.8	372.5	391.1	425.2	544.2	700.1	873.1	1 034.7
Tuvalu	0.0	25.0	25.0	25.1	25.0	29.7	29.9	31.5	33.8	35.3
Vanuatu	475.2	487.7	505.7	591.7	577.9	756.1	927.7	1 018.9	1 046.1	1 076.1

Source: UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics).
Note: Data for 2010 are estimates.

Annex table 3. FDI inflows as a percentage of gross fixed capital formation, by sub-region and economy, 2001–2010
(Per cent)

Region/economy	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
All LDCs	20.6	21.9	28.5	24.3	24.6	28.4	27.6	28.1	24.4	18.4
Africa	34.4	37.6	49.8	39.2	39.1	39.0	38.0	37.7	34.6	26.0
Angola	179.1	218.1	321.7	311.1	274.7	177.3	118.1	123.2	109.0	63.1
Benin	9.6	2.5	6.4	8.3	6.3	6.0	23.8	12.9	5.7	14.9
Burkina Faso	1.5	3.2	4.9	2.0	4.4	3.4	24.3	8.2	11.8	2.1
Burundi	- 0.0	0.0	- 0.0	0.1	0.5	0.0	0.5	9.3	5.7	4.4
Central African Republic	5.2	6.0	30.9	35.8	26.7	26.2	37.8	57.5	21.2	28.7
Chad	76.7	81.5	62.4	40.9	- 8.3	- 27.6	- 6.2	18.5	35.1	26.6
Comoros	5.2	1.6	2.4	2.0	1.6	1.6	15.6	10.5	13.5	10.2
Congo, Democratic Republic of	20.0	29.6	55.2	33.7	0.0	18.5	92.8	61.4	40.0	24.3
Djibouti	7.2	5.7	12.1	27.4	13.5	40.2	54.6	50.0	26.2	9.4
Equatorial Guinea	76.1	48.7	59.0	27.3	49.2	20.4	37.3	- 19.8	29.0	25.9
Eritrea	4.6	9.3	9.5	- 3.5	- 0.5	0.3	- 0.1	- 0.1	0.0	20.0
Ethiopia	20.2	13.7	24.9	21.3	9.4	14.9	4.7	2.0	1.3	5.5
Gambia	35.1	54.7	20.2	70.5	73.1	106.1	132.4	59.5	41.5	22.7
Guinea	0.4	7.1	22.6	21.5	22.9	27.7	83.5	54.2	27.1	135.7
Guinea-Bissau	1.2	7.7	7.5	25.8	18.2	32.8	34.7	9.5	15.3	6.4
Lesotho	10.9	12.3	13.0	16.2	17.0	25.2	23.7	12.1	9.4	8.9
Liberia	30.8	11.4	982.4	122.3	98.6	80.4	100.8	128.1	239.3	202.1
Madagascar	11.5	10.4	10.8	9.3	7.7	21.1	38.3	37.2	26.1	65.2
Malawi	23.4	7.4	29.9	50.3	22.9	31.0	35.0	56.2	15.4	11.4
Mali	21.2	38.7	17.4	11.9	26.5	8.1	4.7	11.4	7.2	8.5
Mauritania	24.5	26.6	28.8	50.7	67.5	16.2	22.0	49.8	- 5.1	1.3
Mozambique	31.4	27.6	32.4	23.0	8.8	12.3	30.7	28.5	32.1	31.4
Niger	8.8	0.8	2.9	4.2	4.2	6.1	13.1	42.7	44.7	43.1
Rwanda	6.4	0.5	1.0	3.7	3.7	6.7	13.4	10.2	11.6	6.7
São Tomé and Principe	10.9	12.1	9.6	9.3	40.4	47.2	38.0	28.0	28.3	35.3
Senegal	2.9	5.9	3.6	3.6	2.6	8.5	9.0	6.7	6.2	6.6
Sierra Leone	13.6	11.5	8.8	62.6	67.5	48.3	73.9	15.7	12.0	11.7
Somalia	0.0	0.0	- 0.2	- 1.1	5.1	18.7	25.9	16.1	21.2	21.1
Sudan	32.9	29.9	43.2	33.0	36.8	39.5	21.4	21.2	27.6	20.0
Togo	31.5	23.5	11.8	18.5	22.2	19.0	11.0	6.7	11.5	6.9
Uganda	13.6	15.2	14.5	16.2	17.7	28.6	23.8	23.9	21.1	16.9
United Republic of Tanzania	26.0	21.0	13.8	11.4	13.9	15.0	12.9	10.3	9.8	10.4
Zambia	10.5	37.9	32.5	23.6	18.0	23.5	43.2	25.9	26.3	20.3
Latin America and the Caribbean	1.1	1.6	3.5	1.3	5.0	24.7	9.5	3.3	4.0	1.9
Haiti	1.1	1.6	3.5	1.3	5.0	24.7	9.5	3.3	4.0	1.9
Asia	5.9	4.8	4.1	5.3	5.8	11.6	10.0	10.9	6.1	5.7
Afghanistan	0.2	9.1	7.4	18.8	12.7	8.9	7.9	8.3	4.8	5.9
Bangladesh	3.4	3.0	2.9	3.4	6.0	5.3	4.0	5.7	3.3	3.8
Bhutan	0.0	0.6	0.7	0.8	2.1	1.5	15.2	5.6	2.5	1.7
Cambodia	23.6	17.8	9.6	13.4	32.1	34.3	51.9	34.7	27.5	36.8
Lao People's Democratic Republic	5.3	5.4	3.4	2.2	3.1	17.3	19.8	11.6	18.4	15.2
Myanmar	21.6	18.8	26.4	21.0	15.7	23.0	9.9	8.0	17.0	16.3
Nepal	1.7	- 0.5	1.0	- 0.0	0.1	- 0.3	0.2	0.0	1.2	1.1
Timor-Leste	70.9	0.9	3.2	4.2	0.1	11.6	6.8	28.7	11.8	15.9
Yemen	8.0	4.8	0.2	4.9	- 9.5	30.6	20.3	27.9	2.8	- 7.3
Oceania	13.7	26.0	17.5	20.5	10.9	36.3	27.8	33.9	55.3	41.4
Kiribati	71.9	61.9	44.8	44.3	1.4	25.6	- 15.2	3.2	3.8	- 2.4
Samoa	3.5	- 0.2	1.3	5.2	- 8.0	27.2	2.0	28.0	2.7	10.5
Solomon Islands	- 15.3	- 7.4	- 5.9	15.1	35.9	55.8	95.4	91.3	190.6	81.9
Tuvalu	8.3	312.5	0.1	0.3	- 0.1	32.7	0.8	9.3	12.2	8.5
Vanuatu	28.4	19.4	25.0	21.7	12.9	34.6	23.4	20.4	17.4	19.4

Source: UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics).
Note: Data for 2010 are estimates.

Annex table 4. FDI inward stock as a percentage of gross domestic product, by sub-region and economy, 2001–2010
(Per cent)

Region/economy	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
All LDCs	24.2	26.1	25.7	25.2	23.0	22.5	22.3	20.2	23.9	25.7
Africa	32.9	36.6	35.1	33.8	29.7	27.5	27.3	23.9	29.9	33.1
Angola	113.3	116.0	85.9	67.9	39.6	24.4	21.4	15.2	24.0	28.4
Benin	7.0	6.3	6.5	6.6	6.5	8.2	10.1	9.1	10.5	14.0
Burkina Faso	0.6	0.7	1.2	1.0	1.4	2.9	8.3	8.8	11.2	10.4
Burundi	7.1	7.5	7.9	6.9	6.0	4.9	5.1	5.5	5.7	5.8
Central African Republic	11.1	11.0	11.5	12.7	14.5	15.6	10.0	12.6	14.8	17.5
Chad	60.6	98.6	98.2	71.1	51.8	43.8	38.4	35.0	49.6	54.9
Comoros	9.9	8.8	7.1	6.5	6.3	6.2	7.0	7.5	9.2	10.5
Congo, Democratic Republic of	13.3	14.7	17.3	14.9	12.8	9.4	15.8	21.7	27.5	31.7
Djibouti	7.6	7.9	9.7	15.0	22.4	41.9	61.1	76.6	81.3	77.6
Equatorial Guinea	118.0	111.4	109.5	70.3	57.2	53.9	54.5	28.2	56.3	55.3
Eritrea	46.5	50.7	45.0	34.6	34.8	31.6	29.1	25.9	19.1	19.4
Ethiopia	16.0	19.9	23.5	25.5	23.0	22.2	18.7	14.4	11.7	13.5
Gambia	52.8	70.6	75.5	81.7	80.7	87.3	79.9	71.9	86.7	64.9
Guinea	8.7	9.2	10.4	11.9	17.8	21.5	27.0	29.6	33.4	50.7
Guinea-Bissau	19.3	20.6	39.6	41.5	34.8	43.9	47.9	41.4	39.4	23.0
Lesotho	50.3	57.4	42.9	37.2	39.0	41.5	44.0	57.8	65.8	64.7
Liberia	597.2	627.3	898.2	793.8	741.6	580.5	617.0	509.5	525.5	523.8
Madagascar	3.1	4.1	4.7	5.9	4.9	13.4	23.9	31.7	41.5	55.1
Malawi	24.4	14.7	16.9	21.4	18.3	18.4	17.8	19.3	17.8	20.1
Mali	7.0	16.4	16.2	15.2	15.9	15.8	13.5	11.4	12.4	12.9
Mauritania	20.7	25.3	30.6	52.7	91.7	66.0	64.9	66.6	70.7	60.6
Mozambique	36.9	44.1	46.9	42.8	40.0	39.3	39.6	38.7	48.1	53.8
Niger	3.4	3.4	3.0	4.0	3.0	4.4	6.5	12.0	26.8	39.4
Rwanda	3.4	3.5	3.5	3.5	3.2	3.8	5.6	6.6	8.3	8.7
São Tomé and Principe	18.9	19.9	21.9	23.4	35.7	62.7	78.3	82.2	93.8	109.1
Senegal	4.0	4.5	5.1	5.5	4.1	5.1	7.4	8.8	10.8	12.0
Sierra Leone	25.1	23.2	21.9	26.4	20.2	27.5	31.3	18.3	24.5	26.0
Somalia	0.2	0.2	0.1	- 0.1	1.0	4.7	9.7	13.0	18.0	21.6
Sudan	12.5	14.8	17.4	20.2	23.2	25.6	24.4	23.1	29.1	33.4
Togo	36.8	36.9	34.5	32.9	34.3	36.0	33.1	30.0	32.3	32.4
Uganda	16.6	19.0	20.8	19.5	20.2	24.2	25.1	25.4	27.8	32.1
United Republic of Tanzania	27.8	29.3	34.7	36.2	30.3	36.2	34.3	31.0	31.5	32.5
Zambia	111.0	117.4	108.9	92.9	74.4	55.3	65.5	59.2	74.4	63.7
Latin America and the Caribbean	2.9	3.4	4.4	3.5	3.8	6.5	6.0	5.9	6.3	7.5
Haiti	2.9	3.4	4.4	3.5	3.8	6.5	6.0	5.9	6.3	7.5
Asia	12.9	12.5	12.2	12.1	11.6	12.8	12.8	12.5	12.8	12.5
Afghanistan	0.7	1.4	2.6	5.5	8.5	10.1	10.5	10.8	10.3	10.7
Bangladesh	4.8	5.2	5.6	5.5	6.0	6.9	6.4	6.1	5.8	5.8
Bhutan	0.9	1.2	1.4	1.8	2.6	3.1	8.1	9.8	12.2	12.8
Cambodia	43.3	43.7	42.0	39.1	39.3	40.6	44.2	41.4	48.2	51.6
Lao People's Democratic Republic	34.7	34.6	30.7	26.8	24.4	25.8	28.7	26.4	27.9	30.6
Myanmar	53.1	41.0	45.4	46.7	40.8	36.1	29.7	20.9	22.6	22.7
Nepal	1.9	1.7	1.8	1.6	1.4	1.2	1.0	1.0	1.2	1.4
Timor-Leste	42.4	45.8	48.2	48.6	47.1	49.1	40.2	38.6	35.4	39.5
Yemen	12.3	12.0	8.2	8.6	4.5	9.0	11.5	14.1	15.6	13.5
Oceania	114.5	125.2	105.7	100.3	90.3	101.0	98.3	106.1	111.2	111.9
Kiribati	206.4	225.9	202.8	207.1	207.1	232.5	197.7	181.9	192.4	93.8
Samoa	22.8	20.6	17.1	14.9	12.3	14.6	12.2	14.9	14.5	15.9
Solomon Islands	111.4	134.6	110.2	99.3	94.5	93.1	93.1	106.8	132.9	153.7
Tuvalu	0.1	166.7	133.3	110.1	100.6	115.6	99.5	99.2	102.9	111.8
Vanuatu	203.1	212.1	180.7	179.4	156.3	182.1	182.8	182.4	164.8	148.6

Source: UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics).
Note: Data for 2010 are estimates.

Annex table 5. Value of cross-border M&A sales, by sub-region and economy of seller, 2001–2010
(Millions of dollars)

Region/economy	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
All LDCs	229	94	1 225	213	573	2 688	584	- 2 552	- 774	2 201
Africa	216	94	770	153	573	1 663	413	- 2 607	- 452	1 998
Angola	19	-	-	-	175	1	-	- 475	- 471	1 300
Burkina Faso	-	-	-	-	-	289	-	20	-	-
Burundi	-	-	-	-	-	-	-	-	-	-
Congo, Democratic Republic of	4	-	-	-	-	-	-	-	5	175
Equatorial Guinea	-	-	-	-	-	-	-	- 2 200	-	-
Eritrea	-	-	-	-	-	-	-	-	-	12
Ethiopia	-	-	-	-	-	-	-	-	-	-
Gambia	-	-	-	-	-	-	-	-	-	-
Guinea	-	-	-	-	-	2	-	-	-	-
Liberia	-	-	-	-	-	-	-	-	-	587
Madagascar	-	-	-	-	-	1	-	-	-	-
Malawi	14	6	-	-	-	-	5	-	-	-
Mali	-	2	-	-	-	1	-	-	-	-
Mauritania	48	-	-	10	-	-	375	-	-	-
Mozambique	10	-	-	-	-	34	2	-	-	35
Rwanda	2	-	-	5	-	-	-	6	-	-
Senegal	-	-	-	-	-	-	-	-	-	- 457
Sierra Leone	-	-	-	2	-	-	31	40	-	13
Sudan	-	25	768	136	390	1 332	-	-	-	-
Uganda	-	20	-	-	-	-	-	1	-	-
United Republic of Tanzania	120	21	2	-	-	-	-	-	2	60
Zambia	-	22	-	-	8	4	-	1	11	272
Latin America and the Caribbean	-	-	-	-	-	-	-	-	1	59
Haiti	-	-	-	-	-	-	-	-	1	59
Asia	13	-	455	60	-	1 040	154	42	- 327	144
Bangladesh	-	-	437	60	-	330	4	-	9	10
Cambodia	-	-	-	-	-	9	6	30	- 336	5
Lao People's Democratic Republic	-	-	-	-	-	-	-	-	-	110
Myanmar	-	-	17	-	-	-	- 1	-	-	-
Nepal	13	-	-	-	-	- 15	-	13	-	-
Yemen	-	-	-	-	-	716	144	-	-	20
Oceania	-	-	-	-	-	- 15	17	13	4	-
Kiribati	-	-	-	-	-	-	-	-	-	-
Samoa	-	-	-	-	-	- 18	3	13	-	-
Solomon Islands	-	-	-	-	-	-	14	-	-	-
Vanuatu	-	-	-	-	-	3	-	-	4	-

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

Note: Cross-border M&A sales are calculated on a net basis as follows: Sales of companies in the host economy to foreign TNCs (-) Sales of foreign affiliates in the host economy. The data cover only those deals that involved an acquisition of an equity stake of more than 10%. Data refer to the net sales by the region/economy of the immediate acquired company.

Annex table 6. Number of cross-border M&A sales, by sub-region and economy of seller, 2001–2010

Region/economy	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
All LDCs	28	22	21	30	35	69	59	57	47	50
Africa	18	13	12	21	26	47	40	41	36	41
Angola	1	2	-	1	2	2	1	2	5	1
Benin	-	-	-	-	-	-	-	-	2	-
Burkina Faso	-	-	-	2	-	2	1	2	1	2
Burundi	-	-	-	-	-	1	-	1	-	-
Chad	-	-	-	-	-	-	1	-	1	-
Congo, Democratic Republic of	3	-	-	-	3	1	5	2	4	1
Equatorial Guinea	1	1	-	1	-	-	-	1	-	-
Eritrea	-	-	-	1	-	-	-	-	-	1
Ethiopia	-	-	-	-	-	-	2	-	1	-
Gambia	-	-	-	-	1	-	-	1	-	-
Guinea	-	-	2	-	1	2	1	-	-	-
Lesotho	-	-	-	-	-	1	-	-	-	-
Liberia	1	-	-	-	-	1	1	1	-	4
Madagascar	1	-	1	1	3	3	-	3	-	-
Malawi	1	1	-	-	1	-	2	-	1	1
Mali	-	2	-	1	-	2	2	1	1	4
Mauritania	1	-	-	3	-	1	4	-	-	3
Mozambique	1	-	2	1	-	7	2	2	3	5
Rwanda	1	-	-	2	1	1	3	2	-	-
Senegal	-	-	1	-	1	1	2	1	1	1
Sierra Leone	1	-	-	2	-	3	1	4	1	1
Sudan	-	1	2	2	3	3	3	1	-	-
Togo	-	-	-	-	-	-	-	-	1	-
Uganda	2	1	2	2	2	7	5	6	2	3
United Republic of Tanzania	1	4	2	-	2	6	2	4	6	6
Zambia	3	1	-	2	6	3	2	7	6	8
Latin America and the Caribbean	-	-	-	-	-	2	-	-	1	2
Haiti	-	-	-	-	-	2	-	-	1	2
Asia	8	7	9	9	9	14	14	12	8	7
Bangladesh	1	-	3	3	3	3	4	2	3	3
Cambodia	-	1	2	2	2	8	6	4	4	1
Lao People's Democratic Republic	3	4	-	1	4	-	2	2	-	2
Myanmar	1	2	4	2	-	1	1	-	1	-
Nepal	1	-	-	1	-	1	-	3	-	-
Yemen	2	-	-	-	-	1	1	1	-	1
Oceania	2	2	-	-	-	6	5	4	2	-
Kiribati	1	-	-	-	-	-	-	-	-	-
Samoa	1	-	-	-	-	5	4	4	1	-
Solomon Islands	-	2	-	-	-	-	1	-	-	-
Vanuatu	-	-	-	-	-	1	-	-	1	-

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

Note: Data cover only those deals that involved an acquisition of an equity stake of more than 10%. Data refer to the gross sales by the region/economy of the immediate acquired company.

Annex table 7. Value of cross-border M&A sales, by sector and industry, 2001–2010
(Millions of dollars)

Sector/industry	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total	229	94	1 225	213	573	2 688	584	- 2 552	- 774	2 201
Primary	-	2	785	148	573	17	410	- 2 170	8	1 094
Agriculture, hunting, forestry and fishing	-	-	-	-	-	1	-	-	-	-
Mining, quarrying and petroleum	-	2	785	148	573	17	410	- 2 170	8	1 094
Manufacturing	21	28	-	-	-	23	2	71	11	94
Food, beverages and tobacco	21	22	-	-	-	20	-	-	-	65
Textiles, clothing and leather	-	-	-	-	-	-	-	-	-	10
Wood and wood products	-	-	-	-	-	-	-	-	11	-
Chemicals and chemical products	-	-	-	-	-	3	- 1	19	-	20
Rubber and plastic products	-	-	-	-	-	-	3	-	-	-
Metals and metal products	-	-	-	-	-	-	-	40	-	-
Machinery and equipment	-	-	-	-	-	-	-	- 1	-	-
Electrical and electronic equipment	-	-	-	-	-	-	-	13	-	-
Motor vehicles and other transport equipment	-	6	-	-	-	-	-	-	-	-
Tertiary	208	65	439	65	-	2 648	171	- 453	- 793	1 013
Electricity, gas and water	13	-	437	-	-	- 15	-	-	-	110
Construction	-	25	-	-	-	-	-	-	-	-
Trade	4	-	-	-	-	-	7	-	-	-
Hotels and restaurants	-	-	-	-	-	-	6	-	-	-
Transport, storage and communications	168	21	2	60	-	2 327	144	-	- 346	903
Finance	24	20	-	5	-	330	15	- 453	- 354	-
Business services	-	-	-	-	-	5	-	-	- 94	-

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

Note: Cross-border M&A sales are calculated on a net basis as follows: Sales of companies in the host economy to foreign TNCs (-) Sales of foreign affiliates in the host economy. The data cover only those deals that involved an acquisition of an equity stake of more than 10%. Data refer to the net sales in the industry of the immediate acquired company.

Annex table 8. Number of cross-border M&A sales, by sector and industry, 2001–2010

Sector/industry	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total	28	22	21	30	35	69	58	57	47	50
Primary	6	6	10	15	17	25	16	25	15	25
Agriculture, hunting, forestry and fishing	-	-	-	-	-	2	-	-	2	-
Mining, quarrying and petroleum	6	6	10	15	17	23	16	25	13	25
Manufacturing	7	5	4	4	3	4	7	11	3	11
Food, beverages and tobacco	4	3	1	1	2	1	2	2	1	6
Textiles, clothing and leather	2	-	2	1	-	-	-	-	-	1
Wood and wood products	-	-	-	-	-	-	-	-	1	-
Publishing and printing	-	1	-	-	-	-	1	-	-	-
Coke, petroleum products and nuclear fuel	1	-	-	-	-	-	-	-	-	-
Chemicals and chemical products	-	-	1	1	1	1	2	4	1	2
Rubber and plastic products	-	-	-	-	-	-	1	1	-	-
Non-metallic mineral products	-	-	-	-	-	-	-	-	-	2
Metals and metal products	-	-	-	-	-	-	1	1	-	-
Machinery and equipment	-	-	-	-	-	2	-	1	-	-
Electrical and electronic equipment	-	-	-	-	-	-	-	2	-	-
Motor vehicles and other transport equipment	-	1	-	1	-	-	-	-	-	-
Tertiary	15	11	7	11	15	40	35	21	29	14
Electricity, gas and water	4	3	1	-	2	3	4	1	-	2
Construction	-	1	-	-	1	-	-	-	-	-
Trade	3	1	1	1	1	2	4	5	5	2
Hotels and restaurants	-	-	-	-	1	1	4	-	-	-
Transport, storage and communications	3	4	3	1	4	18	7	5	5	5
Finance	4	2	2	9	4	11	12	7	11	1
Business services	-	-	-	-	2	3	4	3	7	2
Public administration and defence	1	-	-	-	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-	-	-	-	1
Community, social and personal service activities	-	-	-	-	-	-	-	-	1	-
Other services	-	-	-	-	-	2	-	-	-	1

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

Note: Data cover only those deals that involved an acquisition of an equity stake of more than 10%. Data refer to the gross sales in the industry of the immediate acquired company.

Annex table 9. Value of greenfield FDI projects in LDCs, by sub-region and economy, 2003–2010
(Millions of dollars)

Region/economy	2003	2004	2005	2006	2007	2008	2009	2010
Least developed countries (LDCs)	35 040	24 036	19 141	17 083	25 465	62 927	42 139	37 585
Africa	26 929	21 465	14 176	14 166	22 198	52 092	30 966	30 232
Angola	14 624	13 934	583	2 549	7 585	11 143	14 024	1 383
Benin	2	-	-	-	-	9	-	-
Burkina Faso	234	12	488	-	9	252	234	447
Burundi	-	-	-	-	-	9	46	12
Central African Republic	-	-	-	-	400	-	-	-
Chad	-	-	-	-	-	1 587	472	-
Comoros	-	-	-	-	-	9	-	-
Congo, Democratic Republic of	379	764	2 158	1 427	1 042	3 316	41	687
Djibouti	-	-	300	528	5	1 723	1 295	1 387
Equatorial Guinea	1 881	-	-	85	-	6	2 887	1
Eritrea	234	1	969	5	-	-	-	-
Ethiopia	81	24	20	1 507	2 501	703	310	276
Gambia	-	-	400	83	9	21	21	537
Guinea	275	796	96	249	-	-	56	1 400
Guinea-Bissau	481	-	-	-	409	-	18	-
Lesotho	41	-	-	-	46	17	22	41
Liberia	-	-	909	-	-	2 600	820	4 319
Madagascar	1 075	175	336	246	3 331	1 273	474	-
Malawi	-	-	-	-	-	18	685	298
Mali	-	-	598	372	-	233	47	5
Mauritania	784	522	1 107	542	37	242	-	211
Mozambique	577	1 609	-	595	2 112	11 607	1 563	3 192
Niger	481	-	-	1	-	3 087	-	100
Rwanda	-	-	11	-	273	253	258	1 717
São Tomé and Principe	-	-	9	-	2	-	-	-
Senegal	575	285	13	1 243	2 979	1 168	328	927
Sierra Leone	491	242	727	247	-	68	-	230
Somalia	-	8	-	400	-	409	-	52
Sudan	2 267	992	1 715	1 154	18	2 709	1 969	2 448
Togo	-	-	-	421	400	-	1	-
Uganda	471	32	67	325	289	2 927	2 306	8 339
United Republic of Tanzania	1 188	1 406	1 520	263	315	2 090	728	994
Zambia	788	662	2 148	1 926	436	4 613	2 359	1 228
Latin America and the Caribbean	-	-	9	139	-	1	136	59
Haiti	-	-	9	139	-	1	136	59
Asia	8 111	2 571	4 956	2 778	3 267	10 311	11 010	7 077
Afghanistan	190	24	128	31	6	180	2 957	377
Bangladesh	1 140	850	1 942	511	169	510	574	2 447
Bhutan	-	-	-	32	-	-	100	15
Cambodia	488	167	206	1 103	139	2 825	2 313	1 104
Lao People's Democratic Republic	257	210	527	563	1 359	1 169	1 962	228
Myanmar	765	4	-	227	1 403	1 241	1 893	372
Nepal	2	60	-	3	3	376	259	303
Timor-Leste	4 000	-	10	-	-	-	-	1 000
Yemen	1 269	1 256	2 144	308	190	4 010	952	1 232
Oceania	-	-	-	-	-	522	27	217
Samoa	-	-	-	-	-	500	-	-
Solomon Islands	-	-	-	-	-	22	27	217

Source: UNCTAD, based on information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com).
Note: Data for value of greenfield FDI projects refer to estimated amounts of capital investment.

Annex table 10. Number of greenfield FDI projects in LDCs, by sub-region and economy, 2003–2010

Region/economy	2003	2004	2005	2006	2007	2008	2009	2010
Least developed countries (LDCs)	123	85	133	152	112	318	262	287
Africa	77	58	102	113	79	219	176	184
Angola	16	17	18	15	10	32	34	35
Benin	1	-	-	-	-	1	-	-
Burkina Faso	1	1	3	-	1	2	1	3
Burundi	-	-	-	-	-	1	5	2
Central African Republic	-	-	-	-	1	-	-	-
Chad	-	-	-	-	-	1	1	-
Comoros	-	-	-	-	-	1	-	-
Congo, Democratic Republic of	3	2	10	8	5	15	5	7
Djibouti	-	-	1	2	1	3	2	3
Equatorial Guinea	2	-	-	3	-	1	2	1
Eritrea	1	1	4	1	-	-	-	-
Ethiopia	2	1	1	3	11	10	8	8
Gambia	-	-	1	2	1	3	3	3
Guinea	2	3	3	3	-	-	2	3
Guinea-Bissau	1	-	-	-	2	-	2	-
Lesotho	1	-	-	-	1	1	1	1
Liberia	-	-	2	-	-	1	5	6
Madagascar	4	3	4	3	3	4	3	-
Malawi	-	-	-	-	-	2	4	3
Mali	-	-	3	3	-	3	1	3
Mauritania	2	1	3	4	2	1	-	5
Mozambique	6	4	-	5	6	23	11	16
Niger	1	-	-	1	-	2	-	1
Rwanda	-	-	2	-	8	13	20	6
São Tomé and Principe	-	-	1	-	1	-	-	-
Senegal	3	3	3	5	4	8	10	8
Sierra Leone	4	1	2	2	-	5	-	2
Somalia	-	1	-	1	-	2	-	1
Sudan	10	5	10	15	2	13	11	10
Togo	-	-	-	1	1	-	1	-
Uganda	5	5	6	15	7	37	16	21
United Republic of Tanzania	7	6	11	7	6	17	12	23
Zambia	5	4	14	14	6	17	16	13
Latin America and the Caribbean	-	-	1	2	-	1	2	1
Haiti	-	-	1	2	-	1	2	1
Asia	46	27	30	37	33	95	83	101
Afghanistan	6	4	5	3	1	2	6	9
Bangladesh	17	7	7	12	5	13	17	30
Bhutan	-	-	-	2	-	-	2	2
Cambodia	5	7	6	5	8	36	29	33
Lao People's Democratic Republic	5	3	8	8	11	21	14	9
Myanmar	5	1	-	2	3	6	6	5
Nepal	1	1	-	2	1	7	4	4
Timor-Leste	1	-	1	-	-	-	-	1
Yemen	6	4	3	3	4	10	5	8
Oceania	-	-	-	-	-	3	1	1
Samoa	-	-	-	-	-	1	-	-
Solomon Islands	-	-	-	-	-	2	1	1

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

Annex table 11. Value of greenfield FDI projects in LDCs, by sector and industry, 2003–2010
(Millions of dollars)

Sector/industry	2003	2004	2005	2006	2007	2008	2009	2010
Total sectors	35 040	24 036	19 141	17 083	25 465	62 927	42 139	37 585
Primary	27 314	18 266	7 772	6 985	11 618	32 869	23 222	16 500
Minerals	86	93	383	199	396	1 184	90	551
Coal, oil and natural gas	27 228	18 173	7 209	6 334	9 747	27 050	21 959	14 960
Alternative/renewable energy	-	-	180	452	1 475	4 635	1 172	989
Manufacturing	6 254	4 486	9 192	5 541	8 830	15 681	9 542	14 891
Food, beverages and tobacco	222	216	41	448	684	1 137	1 914	666
Beverages	93	206	21	95	62	302	549	221
Food and tobacco	129	10	20	353	621	836	1 366	446
Textiles	113	3	16	2	242	162	212	431
Wood and wood products	26	5	-	368	-	67	226	2 315
Paper, printing and packaging	10	5	-	18	-	3	226	2 300
Wood Products	16	-	-	350	-	64	-	15
Chemicals and chemical products	288	790	6	510	12	2 288	163	247
Chemicals	288	790	6	508	-	2 194	158	189
Pharmaceuticals	-	-	-	2	12	95	4	59
Rubber and plastic products	8	24	349	68	-	166	160	25
Plastics	7	-	5	-	-	-	-	5
Rubber	1	24	344	68	-	166	160	20
Non-metallic minerals	521	155	452	257	111	1 437	752	1 049
Building and construction materials	496	155	343	257	111	1 422	752	1 049
Ceramics and glass	25	-	109	-	-	15	-	-
Metals	4 315	3 216	8 161	3 473	7 697	9 911	5 250	9 167
Machinery and equipment	5	2	1	138	1	157	104	94
Engines and turbines	-	-	-	118	-	1	-	-
Industrial machinery, equipment and tools	5	2	1	20	1	156	104	94
Electrical and electronic equipment	17	24	10	75	3	18	103	82
Business machines and equipment	-	7	10	75	1	1	-	1
Consumer electronics	17	17	-	-	-	17	-	4
Electronic components	-	-	-	-	-	-	103	78
Semiconductors	-	-	-	-	2	-	-	-
Medical devices	-	-	-	-	1	-	23	-
Motor vehicles and other transport equipment	739	-	72	192	81	284	541	766
Aerospace	130	-	1	-	-	141	121	-
Automotive components	-	-	18	4	1	16	26	81
Automotive OEM	558	-	53	134	74	73	216	413
Non-automotive transport OEM	51	-	-	54	5	54	177	272
Consumer products	-	51	84	11	-	54	94	48
Services	1 472	1 285	2 178	4 556	5 017	14 378	9 375	6 194
Hotels and tourism	198	243	128	870	608	1 500	1 642	3
Transport, storage and communications	1 164	888	1 779	3 322	2 687	1 385	4 944	2 982
Communications	1 079	460	1 448	2 785	1 829	1 159	3 798	2 104
Transportation	-	428	332	467	762	6	1 051	878
Warehousing and storage	85	-	-	70	97	220	95	-
Financial services	96	115	156	227	166	865	578	889
Business activities	15	39	65	136	1 553	10 614	2 153	2 135
Business services	3	10	48	49	20	10	78	77
Real estate	2	25	13	82	1 514	10 587	2 008	2 010
Software and IT services	10	4	4	4	18	17	67	48
Space and defence	-	-	-	-	-	-	-	30
Healthcare	-	-	-	2	3	14	57	156
Leisure and entertainment	-	-	50	-	-	-	2	-

Source: UNCTAD, based on information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com).
Note: Data for value of greenfield FDI projects refer to estimated amounts of capital investment.

Annex table 12. Number of greenfield FDI projects in LDCs, by sector and industry, 2003–2010

Source region/economy	2003	2004	2005	2006	2007	2008	2009	2010
Total sectors	123	85	133	152	112	318	262	287
Primary	35	18	23	20	21	56	26	33
Minerals	3	2	8	3	2	9	4	8
Coal, oil and natural gas	32	16	13	15	13	30	17	21
Alternative/renewable energy	-	-	2	2	6	17	5	4
Manufacturing	63	37	62	57	46	117	99	102
Food, beverages and tobacco	9	8	3	16	11	33	31	26
Beverages	4	5	1	5	3	13	12	10
Food and tobacco	5	3	2	11	8	20	19	16
Textiles	4	2	1	1	6	5	5	12
Wood and wood products	2	1	-	2	-	4	3	2
Paper, printing and packaging	1	1	-	1	-	2	3	1
Wood Products	1	-	-	1	-	2	-	1
Chemicals and chemical products	5	2	2	5	1	8	4	7
Chemicals	5	2	2	4	-	4	3	5
Pharmaceuticals	-	-	-	1	1	4	1	2
Rubber and plastic products	3	1	8	1	-	3	1	2
Plastics	2	-	1	-	-	-	-	1
Rubber	1	1	7	1	-	3	1	1
Non-metallic minerals	7	1	4	2	2	14	7	6
Building and construction materials	5	1	3	2	2	13	7	6
Ceramics and glass	2	-	1	-	-	1	-	-
Metals	22	17	32	21	18	30	15	24
Machinery and equipment	2	1	1	2	1	5	6	7
Engines and turbines	-	-	-	1	-	1	-	-
Industrial machinery, equipment and tools	2	1	1	1	1	4	6	7
Electrical and electronic equipment	1	2	2	1	2	3	4	4
Business machines and equipment	-	1	2	1	1	1	-	1
Consumer electronics	1	1	-	-	-	2	-	1
Electronic components	-	-	-	-	-	-	4	2
Semiconductors	-	-	-	-	1	-	-	-
Medical devices	-	-	-	-	1	-	1	-
Motor vehicles and other transport equipment	8	-	5	5	4	9	19	10
Aerospace	3	-	1	-	-	6	4	-
Automotive components	-	-	1	1	1	1	3	3
Automotive OEM	4	-	3	3	2	1	9	4
Non-automotive transport OEM	1	-	-	1	1	1	3	3
Consumer products	-	2	4	1	-	3	3	2
Services	25	30	48	75	45	145	137	152
Hotels and tourism	3	4	1	6	7	16	9	3
Transport, storage and communications	6	8	17	30	12	20	30	39
Communications	5	6	14	21	8	13	16	22
Transportation	-	2	3	7	2	6	13	17
Warehousing and storage	1	-	-	2	2	1	1	-
Financial services	12	12	16	24	15	85	67	68
Business activities	4	6	13	14	10	22	27	33
Business services	1	3	10	10	4	4	18	19
Real estate	1	1	1	2	3	13	5	5
Software and IT services	2	2	2	2	3	5	4	9
Space and defence	-	-	-	-	-	-	-	2
Healthcare	-	-	-	1	1	2	3	7
Leisure and entertainment	-	-	1	-	-	-	1	-

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

Annex table 13. Concession foreign projects in LDCs by type, 1990–2010

Host LDC	Foreign partner country	Foreign partner company	Project sector	Project subsector	Project type	Project cost (in millions of US$)	Year
Afghanistan	Australia	Australia	Industry	Non-metallic Mining	Build-Own-Operate	..	2005
	Sweden	Aga Khan Fund for Economic	Power	Combined Cycle Gas Turbine (CCGT)	Build-Own-Operate	45	2005
	United Kingdom	Cable & Wireless PLC	Power	Combined Cycle Gas Turbine (CCGT)	Build-Own-Operate	45	2005
Angola	China	Peoples Republic of China	Leisure & Property	Hospital	Build-Own-Operate	1 400	2005
			Oil & Gas	Oil	Build-Own-Operate	..	2006
	France	Total SA	Oil & Gas	Gas Pipeline	Build-Own-Operate	265	2005
	Japan	Mitsui OSK Lines Ltd	Power	Wind	Build-Own-Operate	800	2008
	Luxembourg	Total	Oil & Gas	Oil	Build-Own-Operate	..	2006
	Netherlands	SBM Marine Limited	Oil & Gas	Gas Pipeline	Build-Own-Operate	117	2002
			Power	Combined Cycle Gas Turbine (CCGT)	Build-Own-Operate	134	1998
		SBM Offshore NV	Oil & Gas	Floating Production, Storage and Offloading	Build-Own-Operate	510	2007
	Norway	Norway	Power	Wind	Build-Own-Operate	5 000	1999
	Sweden	Nordic Capital AB	Oil & Gas	Oil	Build-Own-Operate	..	2006
	United Kingdom	BP PLC	Power	Wind	Build-Own-Operate	5 000	1999
	United States	BP	Leisure & Property	Hospital	Build-Own-Operate	1 400	2005
		Chevron Corp	Oil & Gas	Gas Pipeline	Build-Own-Operate	265	2005
		Exxon Mobil Corp	Power	Wind	Build-Own-Operate	5 000	1999
Bangladesh	China	Peoples Republic of China	Power	Wind	Build-Own-Operate	5 000	2006
	Denmark	Industrial Fund for Developing	Telecommunications	Personal Communications Network	Build-Own-Operate	271	2001
			Water & Sewerage	Water Disposal/Treatment	Build-Own-Operate	540	1991
	Finland	Wartsila Corp	Leisure & Property	Hospital	Build-Own-Operate	115	1998
			Power	Oil	Build-Own-Operate	103	1997
	France	Lafarge SA	Telecommunications	Satellite	Build-Own-Operate	225	1997
	Germany	RAG-Stiftung	Leisure & Property	Office	Build-Own-Operate	300	2000
	India	India	Power	Geothermal	Build-Own-Operate	..	2010
				Wind	Build-Own-Operate	..	2010
		Tata Sons Ltd	Mining	Coal	Build-Own-Operate	700	2005
	Japan	Chiyoda Corp	Telecommunications	Personal Communications Network	Build-Own-Operate	271	2001
			Water & Sewerage	Water Disposal/Treatment	Build-Own-Operate	540	1991
		Marubeni Corp	Leisure & Property	Office	Build-Own-Operate	300	2000
			Telecommunications	Personal Communications Network	Build-Own-Operate	124	2001
					Build-Own-Operate	271	1996
			Water & Sewerage	Water Disposal/Treatment	Build-Own-Operate	540	1991
	Malaysia	Westmont Holdings Sdn Bhd	Power	Wind	Build-Own-Operate	5 000	2006
	Norway	Norway	Telecommunications	Personal Communications Network	Build-Own-Operate	124	1996
	Philippines	ADB	Telecommunications	Personal Communications Network	Build-Own-Operate	124	1996
	United Kingdom	Energycorp	Power	Wind	Build-Own-Operate	5 000	2006
		United Kingdom	Water & Sewerage	Water Disposal/Treatment	Build-Own-Operate	540	1991
	United States	Chevron Corp	Mining	Gold Mining	Build-Own-Operate	700	1997

Annex table 13. Concession foreign projects in LDCs by type, 1990–2010 (continued)

Host LDC	Foreign partner country	Foreign partner company	Project sector	Project subsector	Project type	Project cost (in millions of US$)	Year
		El Paso Corp	Leisure & Property	Hospital	Build-Own-Operate	115	1998
			Power	Oil	Build-Own-Operate	103	1997
		Gonofone Development Corp	Telecommunications	Personal Communications Network	Build-Own-Operate	124	1996
		Orion Power Partners	Leisure & Property	Office	Build-Own-Operate	300	2000
	Utd Arab Em	Abu Dhabi Group	Oil & Gas	Oil	Acquisition		2010
Bhutan	India	Tata Power Company	Transportation	Airports	Public-Private-Partnership	..	2008
Burkina Faso	Canada	NovaGold Resources Inc	Power	Wind	Build-Own-Operate	44	2005
		Orezone Resources Inc	Oil & Gas	Oil	Build-Own-Operate	420	2005
	South Africa	Gold Fields Ltd	Oil & Gas	Oil	Build-Own-Operate	420	2005
Cambodia	Australia	BHP Billiton Ltd	Mining	Metals (Other)	Build-Own-Operate		2006
	Malaysia	Leader Universal Holdings Bhd	Industry	Metals (Other)	Build-Own-Operate	140	2010
	Thailand	Electricity Generating PCL	Mining	Copper Mining	Build-Own-Operate	..	2008
		Italian-Thai Development PCL	Mining	Copper Mining	Build-Own-Operate	..	2008
	United States	Beacon Hill Associates Inc	Power	Combined Cycle Gas Turbine (CCGT)	Build-Operate-Transfer	74	1994
Cameroon	Australia	Sundance Resources Ltd	Power	Geothermal	Build-Own-Operate	3 300	2006
	Canada	Alcan Inc	Industry	Smelting - Aluminum	Public-Private-Partnership	900	2005
	France	GDF Suez SA	Oil & Gas	LNG Pipeline	Build-Own-Operate	..	2010
	United States	AES Corp	Power	Gas	Build-Own-Operate	302	2005
			Transportation	Ports	Build-Own-Operate	141	2007
		Geovic Mining Corp	Power	Solar	Build-Own-Operate	379	2007
		Syntroleum Corp	Telecommunications	Personal Communications Network	Build-Own-Operate	450	2002
Chad	Malaysia	Malaysia	Oil & Gas	Oil Pipeline	Build-Own-Operate	4 000	1992
	United States	ChevronTexaco Corp	Oil & Gas	Oil Pipeline	Build-Own-Operate	4 000	1992
		Exxon Mobil Corp	Oil & Gas	Oil Pipeline	Build-Own-Operate	4 000	1992
		World Bank	Oil & Gas	Oil Pipeline	Build-Own-Operate	4 000	1992
Dem Rep Congo	Australia	Anvil Mining Ltd	Power	Wind	Build-Own-Operate	380	2007
		Tiger Resources Ltd	Power	Geothermal	Build-Own-Operate	34	2009
	Canada	Africo Resources Ltd	Mining	Copper Mining	Build-Own-Operate	210	2007
		Lundin Mining Corp	Industry	Chemicals & Plastics	Build-Own-Operate	1 900	2005
	China	Peoples Republic of China	Mining	Gold Mining	Build-Own-Operate	2 900	2008
	Jersey	Randgold Resources Ltd	Mining	Gold Mining	Build-Own-Operate	483	2005
	Netherlands	Trafigura Holding BV	Power	Geothermal	Build-Own-Operate	34	2009
	Poland	Metronex(Poland)	Oil & Gas	LNG - Liquefied Natural Gas	Build-Own-Operate	240	2004
	United Kingdom	Central African Mining & Expl	Transportation	Mass Transit System	Build-Own-Operate	..	2008
		Crew Gold Corp	Oil & Gas	LNG - Liquefied Natural Gas	Build-Own-Operate	240	2004
		Katanga Mining Ltd	Industry	Smelting - Aluminum	Build-Own-Operate	600	1999
			Power	Gas	Build-Own-Operate	1 800	2006
			Water & Sewerage	De-Salination	Build-Own-Operate	265	2006
	United States	American Mineral Fields Inc	Industry	Smelting - Aluminum	Build-Own-Operate	600	1999

Annex table 13. Concession foreign projects in LDCs by type, 1990–2010 (continued)

Host LDC	Foreign partner country	Foreign partner company	Project sector	Project subsector	Project type	Project cost (in millions of US$)	Year
		Freeport-McMoRan Inc	Industry	Chemicals & Plastics	Build-Own-Operate	1 900	2005
		Phelps Dodge Corp	Industry	Chemicals & Plastics	Build-Own-Operate	1 900	2005
Djibouti	Iceland	Republic of Iceland	Oil & Gas	LNG Pipeline	Build-Own-Operate	150	2008
	Kuwait	Independent Petroleum Group	Power	Combined Cycle Gas Turbine (CCGT)	Build-Own-Operate	58	2004
	Utd Arab Em	Boreh International FZE	Power	Combined Cycle Gas Turbine (CCGT)	Build-Own-Operate	58	2004
		Dubai World	Power	Gas	Build-Own-Operate	396	2007
		Essence Management Ltd	Power	Combined Cycle Gas Turbine (CCGT)	Build-Own-Operate	58	2004
		Group E&C	Power	Combined Cycle Gas Turbine (CCGT)	Build-Own-Operate	58	2004
		United Arab Emirates	Power	Combined Cycle Gas Turbine (CCGT)	Build-Own-Operate	58	2004
Equator Guinea	Japan	Mitsui & Co Ltd	Mining	Titanium	Build-Own-Operate	1 400	2001
	United States	CMS Energy Corp	Petrochemicals	Chemicals & Plastics	Build-Own-Operate	423	1998
		Marathon Oil Corp	Mining	Titanium	Build-Own-Operate	1 400	2001
		Noble Energy Inc	Petrochemicals	Chemicals & Plastics	Build-Own-Operate	423	1998
Eritrea	Canada	Nevsun Resources Ltd	Oil & Gas	Oil	Build-Own-Operate	355	2006
Guinea	Australia	BHP Billiton Ltd	Industry	Metals (Other)	Build-Own-Operate	6 300	2007
	Greece	Heracles Investments	Power	Combined Cycle Gas Turbine (CCGT)	Build-Own-Operate	2 000	2001
	Japan	Marubeni Corp	Power	Combined Cycle Gas Turbine (CCGT)	Build-Own-Operate	2 000	2001
		Mitsubishi Development	Power	Combined Cycle Gas Turbine (CCGT)	Build-Own-Operate	2 000	2001
	United Kingdom	Rio Tinto PLC	Transportation	Mass Transit System	Build-Own-Operate	100	2006
	United States	Alcoa Inc	Leisure & Property	School	Build-Own-Operate	2 800	2004
	Utd Arab Em	United Arab Emirates	Industry	Metals (Other)	Build-Own-Operate	6 300	2007
			Leisure & Property	Prison	Build-Own-Operate	2 800	2003
Haiti	Bermuda	Digicel Ltd	Power	Coal	Build-Own-Operate	134	2006
Laos	Japan	Kansai Electric Power Co Inc	Mining	Iron/Steel	Build-Own-Operate	450	2007
		Kumagai Gumi Co Ltd	Mining	Coal	Build-Own-Operate	900	1997
	Malaysia	Gamuda Bhd	Transportation	Mass Transit System	Build-Operate-Transfer	680	2004
		Mega First Corp Bhd	Power	Wind	Build-Own-Operate-Transfer	..	2008
	Norway	Norway	Transportation	Container Terminals	Build-Own-Operate	595	2008
	South Korea	Daewoo International Corp	Telecommunications	Defense	Build-Operate-Transfer	240	1993
		SK Engineering & Constr Co Ltd	Oil & Gas	Oil	Build-Own-Operate	830	2010
		South Korea	Oil & Gas	Oil	Build-Own-Operate	830	2010
	Thailand	Banpu PCL	Agriculture & Forestry	Food & Grain Mills	Build-Own-Operate	2 895	2007
		CH Karnchang PCL	Mining	Coal	Build-Own-Operate	900	1997
		EGCO	Transportation	Mass Transit System	Build-Operate-Transfer	680	2004
		Italian-Thai Development PCL	Leisure & Property	Hospital	Build-Own-Operate	1 250	1993
		Jasmine International Co Ltd	Leisure & Property	Hospital	Build-Own-Operate	1 250	1993
		Loxley(Bangkok)Ltd	Telecommunications	Defense	Build-Operate-Transfer	240	1993
		MDX PLC	Power	Coal	Build-Own-Operate	708	2005
				Hydroelectric	Build-Operate-Transfer	280	1994

Annex table 13. Concession foreign projects in LDCs by type, 1990–2010 (continued)

Host LDC	Foreign partner country	Foreign partner company	Project sector	Project subsector	Project type	Project cost (in millions of US$)	Year
			Telecommunications	Personal Communications Network	Build-Own-Operate	280	2002
			Transportation	Container Terminals	Build-Own-Operate	595	2008
		Ratchaburi Electricity	Agriculture & Forestry	Food & Grain Mills	Build-Own-Operate	2 895	2007
			Mining	Coal	Build-Own-Operate	900	1997
			Oil & Gas	Oil	Build-Own-Operate	830	2010
			Power	Coal	Build-Own-Operate	708	2005
		Rojana Industrial Park PCL	Mining	Iron/Steel	Build-Own-Operate	450	2007
		Team Consulting Engineering Co	Mining	Coal	Build-Own-Operate	900	1997
		Thai Lao Lignite Co Ltd	Power	Hydroelectric	Build-Own-Operate	1 000	1992
		Thailand Kingdom	Leisure & Property	Hospital	Build-Own-Operate	1 250	1993
			Mining	Iron/Steel	Build-Own-Operate	450	2007
			Power	Hydroelectric	Build-Operate-Transfer	280	1994
			Telecommunications	Defense	Build-Operate-Transfer	240	1993
				Personal Communications Network	Build-Own-Operate	280	2002
	United States	Merrill Lynch & Co Inc	Leisure & Property	Hospital	Build-Own-Operate	1 250	1993
Madagascar	Canada	Dynatec Corp	Mining	Nickel	Build-Own-Operate	4 900	2005
			Transportation	Roads	Build-Own-Operate	2 300	2005
		SNC-Lavalin Group Inc	Mining	Nickel	Build-Own-Operate	4 900	2005
	Japan	Morita Holdings	Power	Coal	Build-Own-Operate	..	2006
		Sumitomo Mitsui Finl Grp Inc	Mining	Nickel	Build-Own-Operate	4 900	2005
	South Africa	Impala Platinum Holdings Ltd	Mining	Nickel	Build-Own-Operate	4 900	2005
			Transportation	Roads	Build-Own-Operate	2 300	2005
	South Korea	South Korea	Mining	Nickel	Build-Own-Operate	4 900	2005
	United Kingdom	Infraco BCV Ltd	Oil & Gas	Oil	Public-Private-Partnership	50	2009
Malawi	United Kingdom	Paladin Resources PLC	Petrochemicals	Fluid Catalytic Cracking Plant (FCC)	Build-Own-Operate	285	2005
Mauritania	Australia	Roc Oil Co	Power	Wind	Build-Own-Operate	600	1998
		Sphere Minerals Ltd	Agriculture & Forestry	Iron/Steel	Build-Own-Operate	2 100	2006
		Woodside Petroleum Ltd	Power	Wind	Build-Own-Operate	600	1998
	Canada	Rio Narcea Gold Mines Ltd	Transportation	Roads	Build-Own-Operate	64	2005
	Italy	ENI SpA	Power	Wind	Build-Own-Operate	600	1998
	Saudi Arabia	Saudi Arabian Government	Agriculture & Forestry	Iron/Steel	Build-Own-Operate	2 100	2006
	United Kingdom	BG Group PLC	Power	Wind	Build-Own-Operate	600	1998
		Premier Oil PLC	Power	Wind	Build-Own-Operate	600	1998
		Tullow Oil PLC	Power	Wind	Build-Own-Operate	600	1998
Mozambique	Australia	Austral Coal NL	Water & Sewerage	De-Salination	Build-Own-Operate	1 220	1998
		Riversdale Mining Ltd	Mining	Nickel	Build-Own-Operate	1 300	2009
			Power	Hydroelectric	Build-Own-Operate	800	2009
			Telecommunications	Cable Television	Build-Own-Operate	2 500	2004
	Brazil	Grupo Camargo Correa	Power	Wind	Build-Own-Operate	1 600	2007

Annex table 13. Concession foreign projects in LDCs by type, 1990–2010 (continued)

Host LDC	Foreign partner country	Foreign partner company	Project sector	Project subsector	Project type	Project cost (in millions of US$)	Year
		Vale SA	Telecommunications	Cable Television	Build-Own-Operate	2 500	2004
	Italy	Techint Group	Oil & Gas	Gas Pipeline	Build-Own-Operate	1 100	1994
	Japan	Kobe Steel Ltd	Oil & Gas	Gas Pipeline	Build-Own-Operate	1 100	1994
		Marubeni Corp	Power	Solar	Build-Own-Operate	1 000	1999
		Mitsubishi Corp	Oil & Gas	Oil	Build-Own-Operate	975	1999
	Norway	Norway	Telecommunications	Personal Communications Network	Public-Private-Partnership	..	2007
		Voest-Alphine Indust	Oil & Gas	Gas Pipeline	Build-Own-Operate	1 100	1994
	Portugal	Liscont SA	Transportation	Ports	Public-Private-Partnership	55	1998
	South Africa	Gencor	Leisure & Property	Shopping Centre	Build-Own-Operate	1 330	1997
		Johannesburg Consolidated	Power	Solar	Build-Own-Operate	1 000	1999
			Water & Sewerage	De-Salination	Build-Own-Operate	1 220	1998
		Sasol Ltd	Power	Solar	Build-Own-Operate	1 000	1999
				Wind	Build-Own-Operate	693	2000
		South Africa	Leisure & Property	Shopping Centre	Build-Own-Operate	1 330	1997
			Mining	Zinc Mining	Build-Own-Operate	48	1999
			Oil & Gas	Oil	Build-Own-Operate	975	1999
			Power	Gas	Build-Own-Operate	400	2000
				Wind	Build-Own-Operate	693	2000
			Water & Sewerage	De-Salination	Build-Own-Operate	1 220	1998
		Southern Mining Corp	Power	Gas	Build-Own-Operate	400	2000
	Sweden	Skanska AB	Transportation	Ports	Public-Private-Partnership	55	1998
	United Kingdom	Billiton PLC	Oil & Gas	Oil	Build-Own-Operate	975	1999
		Europower PLC	Water & Sewerage	De-Salination	Build-Own-Operate	1 220	1998
		Mersey Docks & Harbour Co	Transportation	Ports	Public-Private-Partnership	55	1998
	United States	American Metals & Coal Intl	Telecommunications	Cable Television	Build-Own-Operate	2 500	2004
		Duferco Steel Inc	Oil & Gas	Gas Pipeline	Build-Own-Operate	1 100	1994
		Enron Corp	Oil & Gas	Gas Pipeline	Build-Own-Operate	1 100	1994
Myanmar (Burma)	Canada	Ivanhoe Mines Ltd	Power	Coal	Build-Own-Operate	390	1993
	China	Peoples Republic of China	Mining	Non-metallic Mining	Build-Own-Operate	1 200	2006
			Oil & Gas	LNG - Liquefied Natural Gas	Build-Own-Operate	2 500	2009
	India	Oil & Natural Gas Corp Ltd	Power	Solar	Build-Own-Operate	..	2008
		South Korea Gas Corp	Power	Solar	Build-Own-Operate	..	2008
	Japan	JX Holdings Inc	Oil & Gas	Gas	Build-Own-Operate	1 000	1993
	Malaysia	Malaysia	Oil & Gas	Gas	Build-Own-Operate	1 000	1993
	South Korea	Daewoo International Corp	Power	Solar	Build-Own-Operate	..	2008
		Peoples Republic of China	Power	Solar	Build-Own-Operate	..	2008
	Thailand	Thailand Kingdom	Mining	Non-metallic Mining	Build-Own-Operate	1 200	2006
	United Kingdom	Premier Oil PLC	Oil & Gas	Gas	Build-Own-Operate	1 000	1993

Annex table 13. Concession foreign projects in LDCs by type, 1990–2010 (continued)

Host LDC	Foreign partner country	Foreign partner company	Project sector	Project subsector	Project type	Project cost (in millions of US$)	Year
	United States	Chevron Corp	Oil & Gas	Gas	Build-Own-Operate	1 000	1993
Nepal	India	GMR Holdings Pvt Ltd	Power	Hydroelectric	Build-Own-Operate-Transfer	..	2008
	Norway	ABB Kraft A/S	Power	Hydroelectric	Build-Own-Operate-Transfer	140	1994
		Aker RGI AS	Power	Hydroelectric	Build-Own-Operate-Transfer	140	1994
		Norway	Power	Hydroelectric	Build-Own-Operate-Transfer	140	1994
Niger	Spain	Repsol YPF SA	Power	Solar	Build-Own-Operate	..	2005
Rep of Congo	Canada	Magnesium Alloy Corp	Leisure & Property	School	Build-Own-Operate	500	1998
	United Kingdom	Anglo American PLC	Petrochemicals	Chemicals & Plastics	Build-Own-Operate	350	1997
Rwanda	Australia	Dane Associates	Power	Coal	Build-Own-Operate	325	2004
Sao Tome	Nigeria	Dangote Group	(blank)	(blank)	Build-Own-Operate	..	2004
	United States	ChevronTexaco Corp	(blank)	(blank)	Build-Own-Operate	..	2004
		Devon Energy Corp	(blank)	(blank)	Build-Own-Operate	..	2004
		Exxon Mobil Corp	(blank)	(blank)	Build-Own-Operate	..	2004
Senegal	Australia	Mineral Deposits Ltd	Power	Solar	Build-Own-Operate	130	2008
	Saudi Arabia	Saudi Bin Ladin Group JSC	Industry	Iron/Steel	Build-Own-Operate	483	2005
	United Kingdom	Aldwych International Ltd	Oil & Gas	Oil	Build-Own-Operate	200	2007
Tanzania	Australia	Resolute Mining Ltd	Power	Oil	Build-Own-Operate	50	1995
	Germany	Germany	Oil & Gas	Gas Pipeline	Build-Own-Operate-Transfer	375	1996
	Malaysia	Mechmar Corp(Malaysia)Bhd	Leisure & Property	Shopping Centre	Build-Operate-Transfer	105	1994
	Netherlands	Netherlands	Power	Coal	Build-Own-Operate	..	2009
	South Africa	Anglogold Ltd	Telecommunications	Personal Communications Network	Build-Own-Operate	165	2000
		Energem Resources Inc	Power	Waste	Build-Own-Operate	2 000	2008
	United Kingdom	Aldwych International Ltd	Power	Coal	Build-Own-Operate	..	2009
		Mott MacDonald Group Ltd	Power	Coal	Build-Own-Operate	12	1999
		United Kingdom	Oil & Gas	Gas Pipeline	Build-Own-Operate-Transfer	375	1996
	United States	The Williams Cos Inc	Oil & Gas	Gas Pipeline	Build-Own-Operate-Transfer	375	1996
		World Bank	Oil & Gas	Gas Pipeline	Build-Own-Operate-Transfer	375	1996
Togo	United States	ContourGlobal LP	Power	Wind	Design-Build-Operate-Transfer	..	2009
Uganda	France	Vivendi SA	Mining	Gold Mining	Build-Own-Operate-Transfer	867	1995
	India	IDF	Power	Combined Cycle Gas Turbine (CCGT)	Public-Private-Partnership	450	2001
	Netherlands	FMO	Mining	Gold Mining	Build-Own-Operate-Transfer	867	1995
	Norway	Norpak Power	Power	Combined Cycle Gas Turbine (CCGT)	Public-Private-Partnership	450	2001
		TronderEnergi AS	Power	Combined Cycle Gas Turbine (CCGT)	Build-Own-Operate	56	2008
	Sweden	Aga Khan Fund for Economic	Mining	Gold Mining	Build-Own-Operate-Transfer	867	1995
	Switzerland	Aga Khan Foundation Geneva	Mining	Gold Mining	Build-Own-Operate-Transfer	867	1995
	United States	AES Corp	Mining	Gold Mining	Build-Own-Operate-Transfer	867	1995
Yemen	France	Total SA	Power	Combined Cycle Gas Turbine (CCGT)	Build-Own-Operate	4 915	1993
	Greece	Consolidated Contractors Group	Oil & Gas	LNG - Liquefied Natural Gas	Build-Own-Operate	300	1999

Annex table 13. Concession foreign projects in LDCs by type, 1990-2010 (concluded)

Host LDC	Foreign partner country	Foreign partner company	Project sector	Project subsector	Project type	Project cost (in millions of US$)	Year
	South Korea	Hyundai Heavy Inds Co Ltd	Power	Combined Cycle Gas Turbine (CCGT)	Build-Own-Operate	4 915	1993
		SK Engineering & Constr Co Ltd	Power	Combined Cycle Gas Turbine (CCGT)	Build-Own-Operate	4 915	1993
		South Korea	Power	Combined Cycle Gas Turbine (CCGT)	Build-Own-Operate	4 915	1993
	United States	Delma Power	Oil & Gas	LNG - Liquefied Natural Gas	Build-Own-Operate	300	1999
		Rrh Corporation	Power	Combined Cycle Gas Turbine (CCGT)	Build-Own-Operate	4 915	1993
Zambia	Australia	Albidon Ltd	Mining	Nickel	Build-Own-Operate	120	2006
		CGA Mining Ltd	Power	Combined Cycle Gas Turbine (CCGT)	Build-Own-Operate	65	2008
	Canada	First Quantum Minerals Ltd	Power	Hydroelectric	Build-Own-Operate	203	1997
	India	Nava Bharat Ventures Ltd	Mining	Iron/Steel	Build-Own-Operate	600	2008
		Tata Sons Ltd	Power	Coal	Design-Construct-Manage-Finance	220	2007
	Kenya	Kenya	Oil & Gas	Oil Pipeline	Public-Private-Partnership	660	2003
	United Kingdom	Anglo American PLC	Mining	Copper Mining	Build-Own-Operate	750	1994
			Oil & Gas	Gas	Privatization	1 190	1998
		Copperbelt Energy Consortium	Oil & Gas	Oil Pipeline	Public-Private-Partnership	660	2003
	United States	Duke Energy Corp	Water & Sewerage	Water Supply	Build-Own-Operate	12	2000
		Hecla Mining Co	Power	Hydroelectric	Build-Own-Operate	1 000	2000
		World Bank	Oil & Gas	Gas	Privatization	1 190	1998
Zimbabwe	Malaysia	YTLH	Mining	Gold Mining	Privatization	600	1996
	United Kingdom	Central African Mining & Expl	Power	Wind	Build-Own-Operate	..	2009
		International Power PLC	Transportation	Roads	Build-Own-Operate	1 500	1998
	United States	Freeport-McMoRan Inc	Transportation	Roads	Build-Own-Operate	1 500	1998

Source: UNCTAD, based on data from Thomson database.
Note: Repeated appearance of the same project is due to the fact that a project could be owned by multiple sponsors. Only 81% of the listed projects have a declared amount of project cost.

Annex table 14. Selected 50 largest foreign affiliates in the LDCs, 2010
(Millions of dollars and number)

Company	Host country	Home country	Industry	Sales	Employees
Caltex Oil	Zambia	United States	Petroleum and petroleum products wholesalers, nec	104 000	60
Siemens	Mozambique	Germany	Electronic parts and equipment, nec	27 230	21
Tata Zambia Limited	Zambia	India	Automobiles and other motor vehicles	15 000	70
Northern Breweries 1995 Plc	Zambia	South Africa	Malt beverages	3 717	150
Compagnie Des Bauxites de Guinée	Guinea	United States	Miscellaneous metal ores, nec	3 500	3 000
Kwaba Sociedade Industrial e Comercial	Angola	United States	Flour and other grain mill products	2 684	9 000
Shell	Senegal	United Kingdom	Petroleum and petroleum products wholesalers, nec	2 555	142
Msf - Engenharia Angola Lda	Angola	Portugal	Engineering services	1 394	210
Standard Bank Lesotho Ltd	Lesotho	South Africa	Finance	1 282	..
Cfao Motors Burkina	Burkina Faso	France	Radio, television, and consumer electronics stores	1 091	20
Société Des Mines De L'Air	Niger	France	Uranium-radium-vanadium ores	861	1 000
Compagnie Miniere D'Akouta	Niger	France	Uranium-radium-vanadium ores	819	1 214
Alvalade Empreendimentos Turisticos E Hoteleiros	Angola	Portugal	Hotels and motels	447	70
Serafim L'Andrade	Angola	Portugal	Hotels and motels	447	35
Hotel Tivoli Hotelaria E Servicos Lda	Mozambique	Portugal	Hotels and motels	447	30
Banco De Fomento	Angola	Portugal	Commercial banks, nec	377	1 528
Société Des Ciments	Togo	Germany	Cement, hydraulic	369	3 000
Manufacture Burkinabe De Cigarettes	Burkina Faso	United Kingdom	Cigarettes	351	154
Ciments Du Benin	Benin	Germany	Cement, hydraulic	262	200
Compagnie Française De L'Afrique Occidentale Du Senegal	Senegal	France	Automobiles and other motor vehicles	262	158
Total	Niger	France	Petroleum and petroleum products wholesalers, nec	248	55
Brasseries, Limonaderies Et Malteries	Congo, Dem. Rep. of	Switzerland	Malt beverages	236	..
Cfao Burkina	Burkina Faso	France	Automobiles and other motor vehicles	204	700
Laborex	Mali	France	Drugs, drug proprietaries, and druggists' sundries	166	55
Banco International De Mozambique	Mozambique	Portugal	Commercial banks, nec	166	1 400
Illovo Sugar Malawi Limited	Malawi	South Africa	Cane sugar, except refining	140	8 000
Société Nouvelle Sucrière De La Comoé	Burkina Faso	Ivory Coast	Food preparations, nec	137	2 000
Groupement D' Enterprises De Transport Maritime Et Ariens	Congo, Dem. Rep. of	France	Arrangement of transportation of freight and cargo	118	10
Compagnie Francaise de L'Afrique De L'Ouest	Togo	France	Automobiles and other motor vehicles	117	99
Société Ashanti Goldfields	Guinea	Ghana	Gold ores	108	1 978
M.A. Al Kharafi & Sons Ltd	Gambia	Kuwait	Highway and street construction	100	2 000
Banco Comercial E De Investmentos	Mozambique	Portugal	Commercial banks, nec	86	843
Sifa	Burkina Faso	France	Motorcycles, bicycles, and parts	78	115
Cimentos de Moçambique	Mozambique	Portugal	Concrete products, except block and brick	72	426
Total	Mauritania	France	Oil and gas field exploration services	72	60
Maersk Oil	Angola	Denmark	Transportation services, nec	65	200
Secil - Companhia De Cimento Do Lobito	Angola	Portugal	Cement, hydraulic	63	691
J & G Transport Lesotho (Pty) Ltd	Lesotho	South Africa	..	61	..
Octomar Servicos Maritimos Lda	Angola	Netherlands	Heavy construction equipment rental and leasing	56	5
Cfao Motors Tchad	Chad	France	Automobiles and other motor vehicles	56	50
Chemaf	Congo, Dem. Rep. of	United Kingdom	Copper ores	55	300
Promo-Pharma	Benin	France	Drugs, drug proprietaries, and druggists' sundries	53	40
British American Tobacco	Zambia	United Kingdom	Chewing and smoking tobacco and snuff	47	200
Metro Cash & Carry	Malawi	Germany	Miscellaneous food stores	47	1 800
Auto Sueco (Angola)	Angola	Portugal	Automobiles and other motor vehicles	47	165
Perenco Eritrea Ltd	Eritrea	France	Petroleum and petroleum products wholesalers, nec	46	10
Société Des Plastiques	Burkina Faso	Ivory Coast	Plastics products, nec	45	200
Maersk	Angola	Denmark	Transportation services, nec	43	230
Banco Espirito Santo	Angola	Portugal	National commercial banks	37	100
Société Mauritanienne Des Telecommunications	Mauritania	France	Electrical and electronic repair shops, nec	36	580

Source: UNCTAD, based on investment profiles in this study.

Annex table 15. Selected FDI-related liberalization measures in LDCs, 2003–2009

Country	Year	Content
Afghanistan	2003	The Government established the Afghanistan Investment Support Agency, which serves as a one-stop shop for investors.
Angola	2003	The Government established the National Private Investment Agency to simplify procedures and reduce the amount of time required to register a company.
	2009	Local-content law obliges foreign oil companies to use local Angolan firms to provide basic services and goods for the industry, requiring them to pay into a special fund that will be used for training Angolans.
Burundi	2008	The new Burundian Investment Code simplifies the existing legislation and harmonizes the country's investment legislation with the frameworks applicable in other countries within the East African Community.
Cambodia	2005	Following the adoption of the Law on Amendment to the Law on Investment, the Council of Minister passed a sub-decree on the Establishment and Management of Special Economic Zones.
Ethiopia	2006	National Foreign Investment Promotion Advisory Council has been established to collect data and attract potential foreign inventors in priority areas.
Eritrea	2007	Free zones were established around the Red Sea ports of Massawa and Assab as a means of attracting foreign investment and investors in the free zones would be 100% exempt from import and export taxes.
Guinea	2005	The exchange rate market has been liberalized. The weekly official foreign currency auctions abolished and trading in foreign currency is to be conducted by commercial banks.
Mali	2005	The Government approved the creation of a one-stop investment shop to serve as the single registration body for setting up business andto promote industrial zones and economic activity.
Rwanda	2004	The law establishing the Rwanda Investment and Export Promotion Agency was set forth with a Strategic Action Plan.
São Tomé	2009	Fundamental Law on Petroleum Operation Principefosters transparency, by requiring the Government to hold public tenders for the licensing of oil blocks, and governs petroleum activities in the country's EEZ.
United Republic of Tanzania	2009	The Mining Law gives the Government the power to acquire a stake of between 10 per cent and 15 per cent in strategic gemstone mining.
Uganda	2008	The amendment of the Investment Code leads to the establishment of a one-stop center at the Uganda Investment Authority.

Source: UNCTAD, based on official sources.

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PART TWO
Investment Profiles

SOURCES AND DEFINITIONS

Maps
The 48 LDC maps are created by using ArcView GIS software (Environmental Systems Research Institute Inc., 1996). All of these maps are approved by the Cartographic Section, Department of Public Information, United Nations, with some modifications.

Area
Data are from United Nations Demographic Yearbook 2008 online (http://unstats.un.org/unsd/demographic/products/dyb/dyb2008.htm).

Population
Data are provided by the United Nations Population Division, *World Population Prospects, The 2008 Revision.*

Capital city and official language
Information is from UNCTAD, *Statistical Synopsis of the Least Developed Countries* (Geneva: UNCTAD, 1999) and United Nations Demographic Yearbook 2008 online (http://unstats.un.org/unsd/demographic/products/dyb/dyb2008.htm).

Currency and exchange rate (period average and end of period)
Data are from the IMF, *International Financial Statistics*, March 2011 CD-ROM (Washington, D.C: IMF).

GDP, exports of goods and services, imports of goods and services
The data on GDP were obtained from the UNCTAD Secretariat, the IMF's CD-ROM on *International Financial Statistics*, various issues, and the IMF's *World Economic Outlook*, April 2010.

ODA
Data are from OECD, Geographical Distribution of Financial Flows to Aid Recipients (Paris: OECD), online at www.oecd.org/dac/stats/analyses. The data used in this booklet are bilateral ODA from member and non-member countries of DAC of the OECD.

External debt
Data are from World Bank, *Global Development Finance online database and World Development Indicators online database* (Washington, D.C.: World Bank). "External debt" includes long-term debt (the public and publicly guaranteed debt and the private nonguaranteed debt), the use of IMF credit and short-term debt.

Inward FDI: geographical breakdown, by source
Data are from UNCTAD, FDI/TNC database (www.unctad.org/fdistatistics). Data are from national sources. In the case of countries for which no data were available from national sources, data on outward FDI from home countries were used to provide some indication on source countries.

FDI inflows/inward stocks
FDI is defined as an investment involving a long-term relationship and reflecting a lasting interest and control of a resident entity in one economy in an enterprise resident in an economy other than that of the foreign direct investor (foreign affiliate). An equity capital stake of 10 per cent or more of the ordinary shares or voting power for an incorporated enterprise, or its equivalent for an unincorporated enterprise, is normally considered as a threshold for FDI. FDI flows comprise capital provided (either directly or through other related enterprises) by a foreign direct investor to an FDI enterprise, or capital received from an FDI enterprise by a foreign direct investor. As most of LDCs do not report their FDI inflows, various sources as well as some estimation methods are used.

a. FDI inflows

For data on FDI flows national (or regional in the case of Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO)) sources during 1992-2010 are used except the following:

Afghanistan	1992-1994 and 1996-2001: OECD; 1995 and 2010: Own estimates.
Angola	2010: IMF estimate.
Bangladesh	1992-1994: IMF; 2009-2010: Own estimates.
Benin	2010: IMF estimate.
Bhutan	1995-1997: OECD; 2009-2010: Own estimates.
Burkina Faso	2008-2009: Own estimates; 2010: IMF estimate.
Burundi	2007-2009: IMF; 2010: IMF estimate.
Cambodia	
Central African Republic	1992-1994: IMF; 2010: Own estimate.
Chad	1992-1994: IMF; 2010: IMF estimate.
Comoros	1992-1995, 1998 and 2007-2009: IMF; 1996-1997: OECD; 2010: IMF estimate.
Congo, Democratic Republic of	1992-1999: OECD; 2010: IMF estimate.
Djibouti	2010: Own estimate.
Equatorial Guinea	2010: IMF estimate.
Eritrea	1996-2003: IMF; 2004-2007: OECD; 2008-2009: Own estimates. 2010: IMF estimate.
Ethiopia	2005-2009: IMF; 2010: Own estimate.
Gambia	2010: IMF estimate.
Guinea	2010: IMF estimate.
Guinea-Bissau	1992 and 1994-1996: OECD; 1993 World Bank; 2009: Own estimates; 2010: IMF estimate.
Haiti	2010: Own estimate.
Kiribati	1992-1994: IMF; 2005 and 2007: OECD; 2006 and 2008-2010: Own estimates.
Lao People's Democratic Republic	2009-2010: Own estimates.
Lesotho	2010: Own estimates.
Liberia	1992-1999: OECD; 2000-2002 and 2008-2009: IMF; 2010: IMF estimate.
Madagascar	2010: Own estimate.
Malawi	2010: IMF estimate.
Mali	1992 and 1998: IMF; 2009: Own estimate; 2010: IMF estimate.
Mauritania	2010: IMF estimate.
Mozambique	
Myanmar	2006 and 2007: ASEAN; 2004-2007: OECD; 2008-2010: Own estimates.
Nepal	1996-2000 and 2002-2004: IMF; 2001: OECD; 2010: Own estimate.
Niger	1992-1994 and 2008-2009: IMF; 2010: IMF estimate.
Rwanda	2010: IMF estimate.
Samoa	1992-1994, 1998-1999 and 2001: World Bank; 1995-1997, 2000 and 2002-2003: OECD; 2010: Own estimate.
Senegal	2008-2009: IMF; 2010: IMF estimate.
Sierra Leone	2008-2009 IMF; 2010 IMF estimate
Solomon Islands	1992-1996: IMF; 2010: IMF estimate.
Somalia	1992 and 1998-2004: OECD; 1993-1997: World Bank; 2005-2010: Own estimates.
Sudan	1992-1995: OECD; 2009-2010: Own estimates.
Sao Tome and Principe	1993 and 1995-1997: OECD; 2008-2009: IMF 2010: IMF estimate.
Timor-Leste	1992, 1995 and 2001-2005: OECD; 2009-2010: Own estimates.
Togo	2009-2010: Own estimates.
Tuvalu	1994, 1996, 1998-1999 and 2001-2007: OECD; 2000, 2008-2010: Own estimates.
Uganda	2010: Own estimate.
United Republic of Tanzania	2010: IMF estimate.
Vanuatu	1992-2001: IMF; 2010: Own estimate.
Yemen	1992-1994: IMF; 2010: IMF estimate.
Zambia	1992 World Bank; 2009-2010: Own estimates.

Notes: IMF: IMF's *International Financial Statistics* and *Balance of Payments Statistics Online*, or IMF's *Country Report*, under Article IV of the IMF's Articles of Agreements; IMF estimates: Estimates made in IMF's *World Economic Outlook*; OECD: *Geographical Distribution of Financial Flows to Developing Countries*; World Bank: World Bank's *World Development Indicators Online*; Own estimates: UNCTAD's own estimates.

b. FDI stock

For data on FDI stock national (or regional in the case of Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO)) sources or by accumulating/subtracting FDI flows from the stock of the year for which the data are available are used except the following:

Benin	1996-1998: IMF
Mali	1996-1998: IMF
Sudan	2003-2007: IMF
Yemen	2003-2006: IMF

Notes: IMF: IMF's *International Financial Statistics* and *Balance of Payments Statistics Online*, or IMF's *Country Report*, under Article IV of the IMF's Articles of Agreements.

Gross fixed capital formation
The data on gross fixed capital formation were obtained from the IMF's CD-ROM on *International Financial Statistics*, March 2011. For some economies, for which data are not available for the period 1992-2010, or part of it, data are complemented by data on gross capital formation. These data are further complemented by data obtained from (i) national official sources; and (ii) World Bank data on gross fixed capital formation or gross capital formation, obtained from the World Development Indicators Online.

Definitions and sources of the data on cross-border M&As
FDI is a balance-of-payments concept involving the cross-border transfer of funds. Cross-border M&As statistics shown in this publication are based on information reported by Thomson Reuters. Such M&As conform to the FDI definition as far as the equity share is concerned. However, the data also include purchases via domestic and international capital markets, which should not be considered as FDI flows. Although it is possible to distinguish types of financing used for M&As (e.g. syndicated loans, corporate bonds, venture capital), it is not possible to trace the origin or country-sources of the funds used. Therefore, the data used include the funds not categorized as FDI.

The UNCTAD database on cross-border M&As contains information on ultimate and immediate target and acquiring countries. To approximate further FDI flows, tables relating to cross-border M&As by region/country are tabulated based on: 1) the immediate target country principle for the sales of equity shares in a resident enterprise; 2) the ultimate acquiring country principle for the purchases of equity shares in a non-resident enterprise; and 3) the ultimate target country principle for the sales of equity shares in a non-resident enterprise, unless otherwise specified. Round tripping cases are also considered on the basis of the immediate acquiring and immediate target country principles.

FDI flows are recorded on a net basis (capital account credits less debits between direct investors and their foreign affiliates) in a particular year. M&As data are also recorded on a net basis, i.e. expressed as differences between gross cross-border acquisitions and divestment by firms in/from a particular country or in/from a particular industry. Transaction amounts recorded in the UNCTAD M&A statistics are those at the time of closure of the deals, and not at the time of announcement. The M&A values are not necessarily paid out in a single year.

Definitions and sources of the data on greenfield projects
Data on greenfield investment projects are based on the information provided by fDi markets of Financial Times. fDi Markets tracks all new investment projects and expansion of existing investments without information on the equity participation by investors. It suggests that data may include investments that are not qualified as FDI. Joint-ventures are also included only where they lead to a new physical operation. While there is no minimum size for a project to be considered, as a selection criteria for inclusion in this database, an investment project has to create new direct jobs and capital investment.
As far the industry classification is concerned every FDI project tracked by fDi Markets is classified according to its cluster, sector, and business activity, based on a proprietary industry classification system.

BITs and DTTs
Data are from UNCTAD's BIT's and DTTs databases (www.unctad.org/iia). The information is as of January 2011. There were no such agreements for the countries whose tables were not produced in the country profiles.

Largest foreign affiliates
Data are from UNCTAD's FDI/TNC database based on information from WorldBase (London: Dun and Bradstreet, 2010) and national sources. A foreign affiliate is an incorporated or unincorporated enterprise in which an investor, who is resident in another economy, owns a stake that permits a lasting interest in the management of that enterprise. In this publication, majority-owned foreign affiliates with a foreign equity stake of more than 50 per cent only are considered.

Membership of relevant international agreements
Information collected by the UNCTAD secretariat as of January 2011.

Investment promotion agencies
The information is from WAIPA (www.waipa.org/menu.htm), IPAnet (www.ipanet.net/) and other websites.

Fortune Global 500 investors
On the basis of the list of the Fortune Global 500 companies at http://money.cnn.com/magazines/fortune/global500/2010/, parent companies of foreign affiliates are checked.