



LDC5
5TH UNITED NATIONS
CONFERENCE ON THE
LEAST DEVELOPED COUNTRIES



Building Capacity in Investment Promotion to Advance the SDGs in LDCs

Doha National Convention Centre, Auditorium 3, Tuesday, 7 March 2023, 12:15 – 13:45 hours (Doha time)

Report

The UNCTAD side-event focused on the challenges and opportunities faced by the least developed countries (LDCs) in the promotion and facilitation of investment in Sustainable Development Goal (SDG)-related sectors. The discussion drew from the recent [UNCTAD needs-assessment report of investment promotion in LDCs](#) and the results of the first phase of the new multi-agency *Capacity Development Programme for Investment Promotion Agencies of Least Developed Countries* funded by the Enhanced Integrated Framework (EIF) involving UNCTAD, UN-OHRLS, UNIDO, ILO and the World Association of Investment Promotion Agencies (WAIPA). The meeting had 50 participants (32 men and 18 women), including high-level representatives from international organizations, non-governmental organizations, policy makers and heads of investment promotion agencies (IPAs) from several LDCs including Comoros, Mali, Togo and Zambia.

Opening remarks were provided by Ms. Rabab Fatima, High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, Mr. Pedro Manuel Moreno, Deputy Secretary-General of UNCTAD, Mr. Gilbert F. Hounbo, Director-General of ILO and Mr. Gerd Müller, Director-General of UNIDO. They all noted how the current poly-crises context has affected global foreign direct investment (FDI) trends and, consequently, LDCs are receiving a very small share of an increasingly small pie. FDI flows to LDCs have shown only modest growth since LDC IV, which took place in Istanbul in 2011. LDCs share in global FDI over 2011-2021 remained in most years below 2 percent, while their share in developing country inflows stayed below 4 percent. For 2021, LDCs received just 28 billion dollars in FDI investments – to put this into context, this is almost exactly the same amount that Apple spent in research and development during that same year. These trends are in dire contrast to efforts made in LDCs to attract FDI. The speakers highlighted the urgency to do more to support LDCs in strengthening their investment promotion regimes, which is a key target of the Doha Program of Action, as well as a target of the SDGs. All speakers reiterated the importance of cooperation and innovative

partnerships, such as the ongoing collaboration in the multi-agency capacity building programme for LDC IPAs, which began in 2021 and is benefiting investment and trade promotion officials in 20 LDCs, through the creation of an *Executive IPA College*, hosted by a digital platform of the international training centre of the ILO in Turin.

A [short video](#) of the capacity building programme was shown, in which beneficiary IPAs notably from Bangladesh and Lesotho provided testimonials of the ongoing impact of the program.

A panel session, moderated by Ms. Terryanne Chebet, senior correspondent from CNBC Africa, followed. H.E. Ms. Rose Kayi Mivedor, Minister of Investment Promotion of Togo, spoke of her country's ambitious roadmap for structural transformation of the economy with a strong focus on social and financial inclusion and her ministry's mission to attract sustainable investment in sectors including health, education, water, energy and the environment. She emphasized that capacity building is a constant challenge for Togo's IPA, located under her ministry and she stressed that the multi-agency capacity building programme, in which investment promotion officials from Togo are participating, is of great importance.

Her intervention was followed by presentations by Mr. James Zhan, Director of UNCTAD's Investment and Enterprise Division, Mr. Deepak Bagla, President of the World Association of Investment Promotion Agencies and Mr. Ratnakar Adhikari, Executive Director of EIF. During the panel, findings from UNCTAD's needs assessment of investment promotion in LDCs were highlighted. This included encouraging findings from surveyed investors who are looking for impact opportunities in LDCs where they are investing. They would also be interested in services to facilitate stronger linkages with the local economy. In addition, they saw new investment opportunities across a wide range of sectors including agribusiness, renewable energy, manufacturing, digital education and health, among others. Mr. Zhan also noted less encouraging findings, including that a quarter of investors in LDCs that were surveyed were unaware of the IPA in the country where they were operating. When it comes to IPAs in LDCs, the survey confirmed that they are facing multiple challenges, mainly; i) lack of resources for aftercare; ii) challenges related to the promotion of new sectors; iii) government budget cuts; iv) insufficient digital technology; and v) disinvestment. Finally, the SDGs have become an integral consideration of nearly all surveyed LDC IPAs. Interestingly, however, the survey results show that the SDGs that the agencies are prioritizing are not aligned with the priority sectors that they are targeting for investment. In addition, IPA performance indicators are not well linked to the SDGs.

Panellists noted the changing roles of IPAs and the increasing importance of investment promotion as well as the need to provide capacity building to governments to create bankable projects and develop the skillset to execute them. Strengthening productive capacity in LDCs is crucial and more investment is needed in human capital as well as digital infrastructure. The need to develop a global framework to identify and rate SDG investment projects was also discussed. All of the panellists expressed their commitment to continue working together in the area of investment in LDCs, including through the ongoing multi-agency programme for IPAs from LDCs, and called for stakeholders to support the second phase of the programme, which will target investment and trade promotion officials from all LDCs.



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“ We at UNCTAD believe that we have a window of opportunity now to attract new, transformative investment towards LDCs ”

Ms. Rebeca Grynspan
Secretary-General, UNCTAD

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