



Regional trends

Least developed countries



Highlights

Foreign direct investment (FDI) to the 45 least developed countries (LDCs) increased 17 per cent in 2023, to \$31 billion. Flows remained concentrated, with the top five recipients (Cambodia, Ethiopia, Bangladesh, Uganda and Senegal, in that order) accounting for about 50 per cent of the total. The growth of FDI in LDCs has lagged that of other sources of external finance over the last decade, and the shares of official development assistance and remittances are significantly higher than in developing economies overall. Nonetheless, FDI is an important source of finance for LDCs, as it is often targeted more directly to the creation of productive capacity, development of infrastructure assets and promotion of economic activities that can support industrial transformation and greater participation in global value chains. Multinational enterprises (MNEs) from developing countries play an increasingly important role in LDCs. Investors from China continue to be the largest source of FDI, with their FDI stock in the group reaching \$46 billion – more than doubling over the last decade.

- FDI flows to the 33 African LDCs grew by 17 per cent, in line with overall growth for the grouping. However, this outcome includes a reduction in negative flows in Angola, where FDI tends to fluctuate wildly. Excluding this case, FDI to the African LDCs was flat. The value of announced greenfield projects grew by one third, net of a \$34 billion green hydrogen project in Mauritania that heavily influenced the overall result.
- In the eight Asian LDCs, FDI inflows rose by 19 per cent to \$10 billion. The value of announced greenfield projects increased by more than \$6 billion (to \$9 billion), offsetting the \$4 billion decline in international project finance deals.

The number and value of announced greenfield projects in LDCs substantially increased in 2023 (by 51 per cent and 174 per cent respectively). A large part of the jump in values is explained by the green hydrogen project in Mauritania. Excluding this outlier, values rose by 51 per cent, to \$42 billion. Just a few countries will receive the bulk of these projects. Guinea, the Democratic Republic of the Congo, Ethiopia, Mozambique and Bangladesh (in that order) were the leading destinations in terms of project value. Combined, these countries accounted for about 60 per cent of the total project value for LDCs in 2023 (excluding the outlier deal in Mauritania).

The primary sector explains about one fourth of greenfield project values in LDCs over recent years. For developing countries overall, the share is about one tenth. This underscores that LDCs are significantly exposed to global commodity cycles, for trade as well as investment.

International project finance deals in LDCs fell by 24 per cent in value and 32 per cent in number. The lack of project financing for sectors relevant to the Sustainable Development Goals (SDGs) was particularly acute, with a total of just \$14 billion – a significant drop from previous years. Over the past decade, the number of project finance deals has gradually increased. More than 30 per cent of international investment projects in LDCs were initiated using project finance in 2022, compared with less than 15 per cent in other developing countries. As a consequence, although the 2023 downturn in project finance affected all countries, LDCs were among the worst affected.

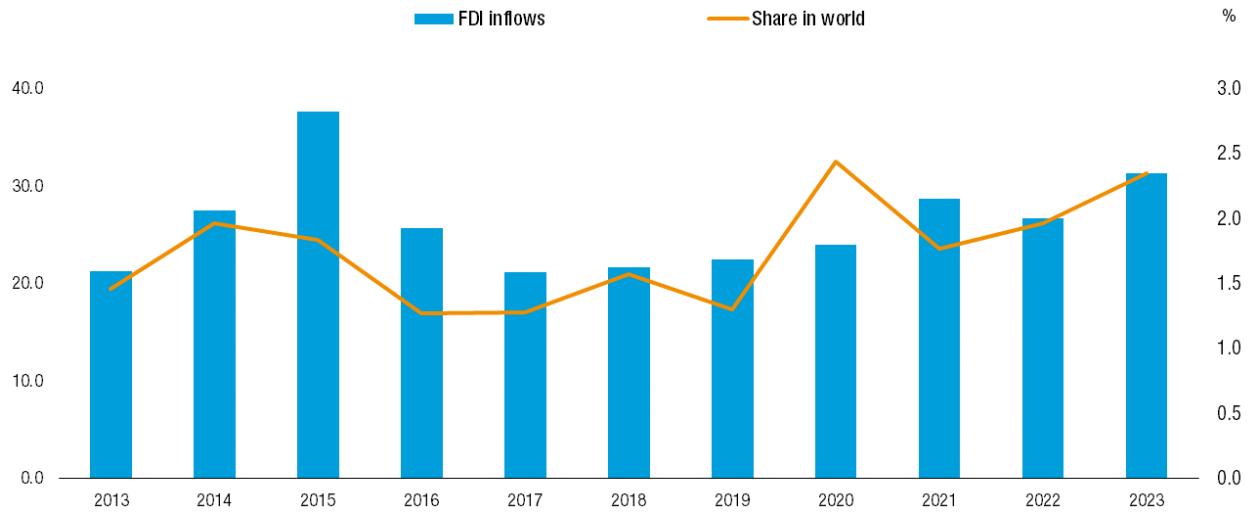
Outcomes for SDG-relevant greenfield projects were mixed. While the overall value and number of projects expanded in renewables and in telecommunication, other SDG-relevant sectors (power; water, sanitation and hygiene (WASH); agrifood systems; and health) saw general declines in both greenfield projects and international project finance deals.



Figure 1

Least developed countries: FDI inflows and share in world inflows

(Billions of dollars and percentage)



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

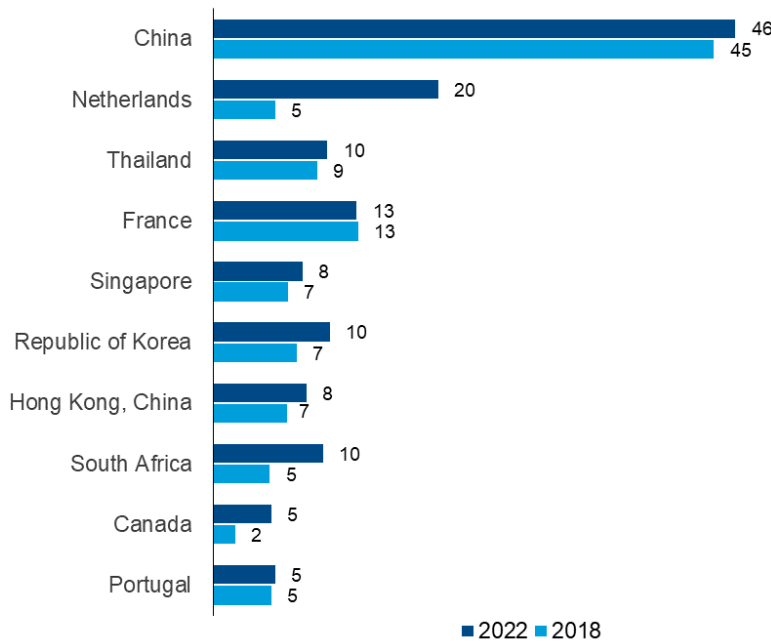
Note: Data exclude financial centres in the Caribbean and special-purpose entities in reporting countries.



Figure 2

Least developed countries: top 10 investor economies by FDI stock

(Billions of dollars)



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




Table 1
Least developed countries: FDI inflows and cross-border M&A sales

Subregion/selected economy	FDI				Net cross-border M&A sales							
	Value (Millions of dollars)			Growth, 2022–2023 (%)	Value (Millions of dollars)			Growth, 2022–2023 (%)	Number			Growth, 2022–2023 (%)
	2021	2022	2023		2021	2022	2023		2021	2022	2023	
LDCs	28 694	26 668	31 299	17	-1 843	35	83	135	20	14	13	-7
Africa (33)	19 298	17 978	21 001	17	-1 794	-25	68	..	15	11	11	0
Angola	-4 355	-6 599	-2 086	..	-600	-	-	..	-2	1	-	..
Democratic Republic of the Congo	1 870	1 846	1 635	-11	-	-	-	..	-	-	-	..
Ethiopia	4 260	3 670	3 263	-11	-	-	-	..	-	-	-	..
Mali	640	716	698	-2	81	-	-	..	3	-	2	..
Mozambique	5 102	2 458	2 509	2	-	-	-	..	-1	-1	-	..
Rwanda	399	496	523	5	-	-	67	..	3	1	6	500
Senegal	2 588	2 929	2 641	-10	188	-	-	..	1	3	-	..
United Republic of Tanzania	1 190	1 265	1 339	6	0.8	-	0.5	..	2	2	1	-50
Zambia	394	-65	108	..	-1 500	-	-	..	3	-	1	..
Asia (8)	9 315	8 603	10 239	19	-48	60	15	-75	4	3	2	-33
Bangladesh	2 896	3 480	3 004	-14	-48	54	-	..	2	2	-	..
Cambodia	3 483	3 579	3 959	11	-	35	5	-85	2	1	1	0
Lao People's Democratic Republic	1 072	636	1 668	162	-	-	-	..	-	-	-	..
Myanmar	2 067	1 239	1 520	23	-	-30	10	..	-	-1	1	..
Latin America and the Caribbean (1)	51	39	32	-19	-	-	-	..	-	-	-	..
Haiti	51	39	32	-19	-	-	-	..	-	-	-	..
Oceania (3)	29	47	28	-41	-	-	-	..	1	-	-	..
Kiribati	1	3	2	-25	-	-	-	..	-	-	-	..
Solomon Islands	28	44	25	-42	-	-	-	..	1	-	-	..
Tuvalu	0.2	0.2	0.2	-17	-	-	-	..	-	-	-	..
<i>Memorandum:</i>												
World	#####	#####	#####	-2	737 452	706 572	378 370	-46	8571	7763	6717	-13
Developed economies	731 843	426 198	464 397	9	624 070	599 315	301 936	-50	7610	6710	5862	-13
Developing economies	889 965	929 551	867 417	-7	113 382	107 257	76 434	-29	961	1053	855	-19

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

Note: Data exclude financial centres in the Caribbean and special-purpose entities in reporting countries.

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



Table 2

Least developed countries: announced greenfield projects and international project finance deals

Subregion/selected economy	Announced greenfield projects								International project finance deals							
	Value (Millions of dollars)			Growth, 2022–2023 (%)	Number			Growth, 2022–2023 (%)	Value (Millions of dollars)			Growth, 2022–2023 (%)	Number			Growth, 2022–2023 (%)
	2021	2022	2023		2021	2022	2023		2021	2022	2023		2021	2022	2023	
LDCs	15 966	27 735	75 978	174	165	175	264	51	67 299	40 350	30 551	-24	81	82	56	-32
Africa (33)	12 606	24 936	66 975	169	128	125	168	34	56 291	31 666	25 826	-18	48	51	45	-12
Angola	2 603	370	575	55	9	5	7	40	856	1 774	763	-57	3	3	4	33
Democratic Republic of the C	319	3 420	6 400	87	5	6	13	117	1 227	5 819	-	..	2	4	-	..
Ethiopia	139	555	3 597	548	7	7	12	71	1 147	540	600	11	5	1	1	0
Mali	434	225	30	-87	3	1	2	100	713	-	-	..	2	-	-	..
Mauritania	379	55	34 000	..	5	1	1	0	43 500	55	1 193	2070	2	1	4	300
Mozambique	2 544	1 371	3 132	128	8	8	10	25	1 243	397	7 691	1838	5	3	5	67
Rwanda	277	371	402	8	10	11	13	18	-	-	10	..	-	-	1	..
Senegal	638	1 487	335	-77	8	14	14	0	829	4 586	1 818	-60	4	3	3	0
United Republic of Tanzania	1 143	1 370	1 689	23	16	24	25	4	1 129	2 900	2 654	-8	1	7	7	0
Zambia	837	1 698	1 360	-20	11	9	18	100	37	2 566	2 377	-7	1	4	3	-25
Asia (8)	3 360	2 799	9 003	222	37	50	96	92	10 986	8 684	4 725	-46	32	31	11	-65
Bangladesh	1 422	650	2 891	345	17	22	34	55	5 541	323	3 612	1019	14	2	6	200
Cambodia	391	1 050	2 554	143	10	12	37	208	1 127	2 244	414	-82	9	13	3	-77
Lao People's Democratic Rep	166	541	731	35	2	2	7	250	536	3 989	159	-96	3	8	1	-88
Myanmar	149	89	105	19	3	5	4	-20	211	407	-	..	1	2	-	..
Nepal	1 232	33	785	..	5	6	9	50	1 493	1 499	-	..	3	5	-	..
Latin America and the Caribbe	-	-	-	..	-	-	-	..	-	-	-	..	-	-	-	..
Haiti	-	-	-	..	-	-	-	..	-	-	-	..	-	-	-	..
Oceania (3)	-	-	-	..	-	-	-	..	22	-	-	..	1	-	-	..
Kiribati	-	-	-	..	-	-	-	..	-	-	-	..	-	-	-	..
Solomon Islands	-	-	-	..	-	-	-	..	22	-	-	..	1	-	-	..
Tuvalu	-	-	-	..	-	-	-	..	-	-	-	..	-	-	-	..
<i>Memorandum:</i>																
World	829 693	#####	#####	5	15 514	18 061	18 442	2	1440 058	1301 183	958 210	-26	2 500	2 858	2 196	-23
Developed economies	536 858	687 018	630 989	-8	10 438	11 112	10 435	-6	674 059	728 289	562 055	-23	1 496	1 720	1 357	-21
Developing economies	292 835	622 048	749 412	20	5 076	6 949	8 007	15	766 000	572 894	396 155	-31	1 004	1 138	839	-26

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

Note: Data exclude financial centres in the Caribbean.

Table 3

Least developed countries: announced greenfield projects, by sector and selected industries

Sector/industry	Value (Millions of dollars)			Growth, 2022–2023 (%)	Number			Growth, 2022–2023 (%)
	2021	2022	2023		2021	2022	2023	
Total	15 966	27 735	75 978	174	165	175	264	51
Primary	1 741	11 732	12 619	8	7	10	17	70
Manufacturing	2 260	2 328	9 305	300	44	47	79	68
Services	11 966	13 675	54 054	295	114	118	168	42
<i>Top 10 industries in value terms</i>								
Energy and gas supply	6 809	6 689	42 284	532	14	16	25	56
Extractive industries	1 606	11 732	12 567	7	4	10	16	60
Transportation and storage	930	4 276	5 013	17	25	19	32	68
Other non-metallic mineral prod	866	420	3 737	790	4	3	5	67
Information and communication	2 194	1 089	2 103	93	31	26	38	46
Automotive	80	154	1 890	1 125	2	5	18	260
Coke and refined petroleum	-	-	1 533	..	-	-	2	..
Professional services	333	511	1 522	198	17	18	10	-44
Construction	968	-	1 396	..	4	-	4	..
Finance and insurance	125	142	1 091	670	8	11	26	136

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

Table 4

Least developed countries: announced international project finance deals, selected industries

Sector/industry	Value (Millions of dollars)			Growth, 2022–2023 (%)	Number			Growth, 2022–2023 (%)
	2021	2022	2023		2021	2022	2023	
Total	67 299	40 350	30 551	-24	81	82	56	-32
<i>Top 10 industries by number</i>								
Renewable energy	7 800	11 849	10 078	-15	34	31	28	-10
Oil and gas	7 652	6 087	11 166	83	8	4	7	75
Mining	2 163	4 159	3 391	-18	8	11	6	-45
Telecommunication	749	320	2 367	639	3	2	4	100
Industrial real estate	1 299	2 233	451	-80	5	7	3	-57
Petrochemicals	-	442	953	116	-	1	3	200
Agriculture	-	2 231	421	-81	-	3	2	-33
Residential/commercial real e	1 082	688	436	-37	5	4	1	-75
Power	42 148	4 764	766	-84	6	8	1	-88
Water and sewerage	179	2 458	522	-79	2	5	1	-80

Source: UNCTAD, based on information from Refinitiv.

Table 5

Least developed countries: net cross-border M&As sales, by sector and selected industries

Sector/industry	Value (Millions of dollars)			Growth, 2022–2023 (%)	Number			Growth, 2022–2023 (%)
	2021	2022	2023		2021	2022	2023	
Total	-1 843	35	83	135	20	14	13	- 7
Primary	-1 419	-25	0.5	..	8	1	-	..
Manufacturing	-	2	11	456	-	3	2	- 33
Services	- 424	58	71	22	12	10	11	10
<i>Top 10 industries in value terms</i>								
Finance and insurance	224	-30	62	..	7	-	5	..
Non-metallic mineral products	-	-	11	..	-	-	1	..
Administrative and support servic	-	-	10	..	1	-	2	..
Extractive industries	-1 419	-25	0.5	..	7	2	-	..
Utilities	-	53	-	..	2	1	2	100
Education	-	-	-	..	-	-	2	..
Coke and refined petroleum	-	-	-	..	-	-	1	..
Construction	-	-	-	..	- 1	1	1	0
Transportation and storage	-	35	-	..	1	1	- 1	..
Agriculture	-	-	-	..	1	- 1	-	..

Source: UNCTAD, based on information from Refinitiv.




Table 6
Least developed countries: investment project announcements in sectors relevant to the Sustainable Development Goals

(Millions of dollars, number and percentage)

Goals-relevant sector	Announced greenfield projects				International project finance deals			
	2021	2022	2023	Growth, 2022–2023 (%)	2021	2022	2023	Growth, 2022–2023 (%)
Total								
Value	10 147	9 437	49 157	421	55 102	26 742	14 154	-47
Number of projects	73	66	91	38	55	55	36	-35
Power ^a								
Value	2 000	1 865	671	-64	42 148	4 764	766	-84
Number of projects	1	3	1	-67	6	8	1	-88
Renewable energy								
Value	4 809	4 824	41 614	763	7 800	11 849	10 078	-15
Number of projects	13	13	24	85	34	31	28	-10
Transport services ^b								
Value	436	776	4 849	525	3 637	5 103	-	..
Number of projects	22	18	31	72	7	5	-	..
Telecommunication								
Value	2 018	917	1 359	48	749	320	2 367	639
Number of projects	20	12	13	8	3	2	4	100
Water, sanitation and hygiene (WASH)								
Value	136	139	75	-46	179	2 458	522	-79
Number of projects	1	1	1	0	2	5	1	-80
Agrifood systems								
Value	426	739	437	-41	-	2 231	421	-81
Number of projects	7	14	14	0	-	3	2	-33
Health								
Value	187	171	109	-36	-	16	-	..
Number of projects	3	4	3	-25	-	1	-	..
Education								
Value	136	7	44	535	589	-	-	..
Number of projects	6	1	4	300	3	-	-	..

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

^a Excluding renewable energy.

^b Transport services for greenfield projects and transport infrastructure for project finance.



Table 7
Least developed countries: investment project announcement in productive capacity

(Millions of dollars, number and percentage)

Productive capacity-relevant sector	Announced greenfield projects				International project finance deals			
	2021	2022	2023	Growth, 2022–2023 (%)	2021	2022	2023	Growth, 2022–2023 (%)
Total								
Value	15 789	24 060	36 296	51	64 054	35 503	26 723	-25
Number of projects	167	180	265	47	68	67	49	-27
Energy								
Value	6 747	3 463	4 811	39	57 600	23 142	22 962	-1
Number of projects	11	10	17	70	48	44	39	-11
Human capital								
Value	271	231	123	-47	768	2 474	522	-79
Number of projects	7	5	6	20	5	6	1	-83
Information and communication technology								
Value	2 194	1 089	2 103	93	749	320	2 367	639
Number of projects	31	26	38	46	3	2	4	100
Natural capital								
Value	1 741	11 732	14 152	21	-	2 231	421	-81
Number of projects	7	10	19	90	-	3	2	-33
Private sector development								
Value	592	913	3 135	243	-	-	-	..
Number of projects	31	45	63	40	-	-	-	..
Structural change								
Value	3 735	3 117	11 812	279	1 299	2 233	451	-80
Number of projects	75	81	119	47	5	7	3	-57
Transportation								
Value	508	3 515	161	-95	3 637	5 103	-	..
Number of projects	5	3	3	0	7	5	-	..

Source: UNCTAD, based on information from The Financial Times, fDi Markets (www.fDimarkets.com) and Refinitiv. For the methodology for calculating investment in productive capacity, see WIR 2021, chapter IV, and UNCTAD's Productive Capacities Index.

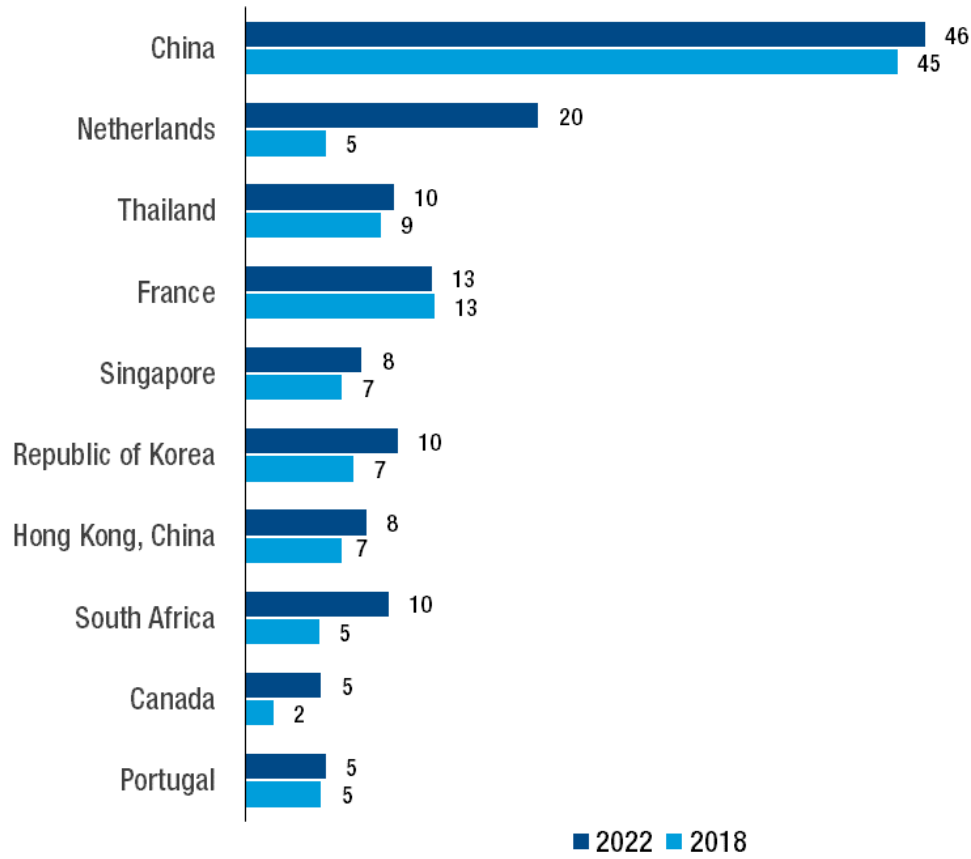




Figure 2

Least developed countries: Top 10 investor economies by FDI stock

(Billions of dollars)



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

