

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Indian Ocean Rim Association

Investment and supply chain resilience

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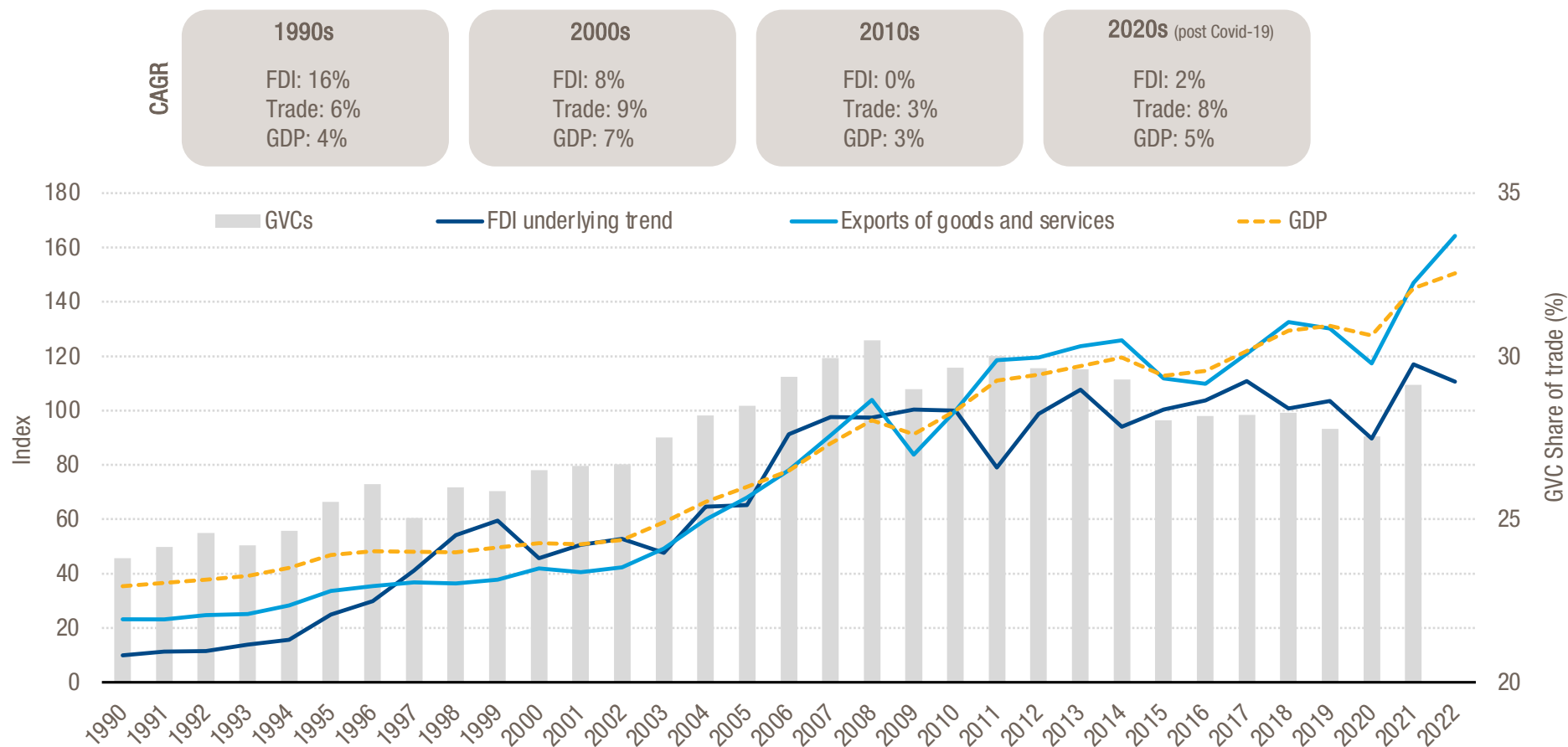
1. Introduction: global and regional trends
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Global FDI trends

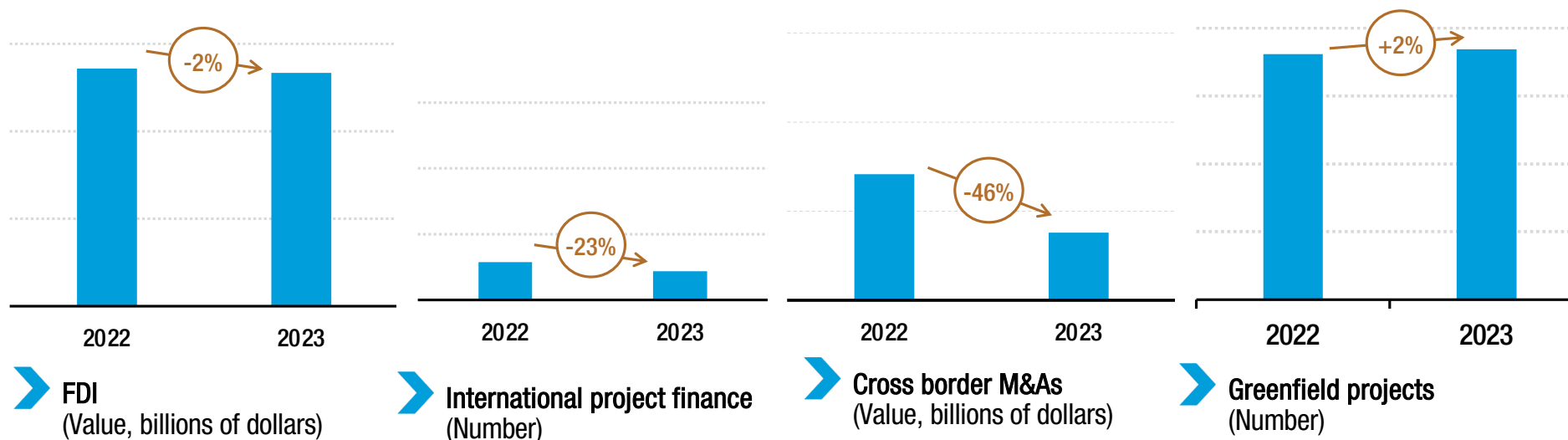
FDI lost pace with trade and GDP growth

FDI, trade and GDP trends, indexed 2010 = 100



Source: UNCTAD, based on Eora26 and Asian Development Bank (ADB) input-output tables.

➤ Trends in international investment





International investment in SDG sectors in developing countries declined in 2023

Investment SDG sectors, developing economies
(Growth, 2022-23)



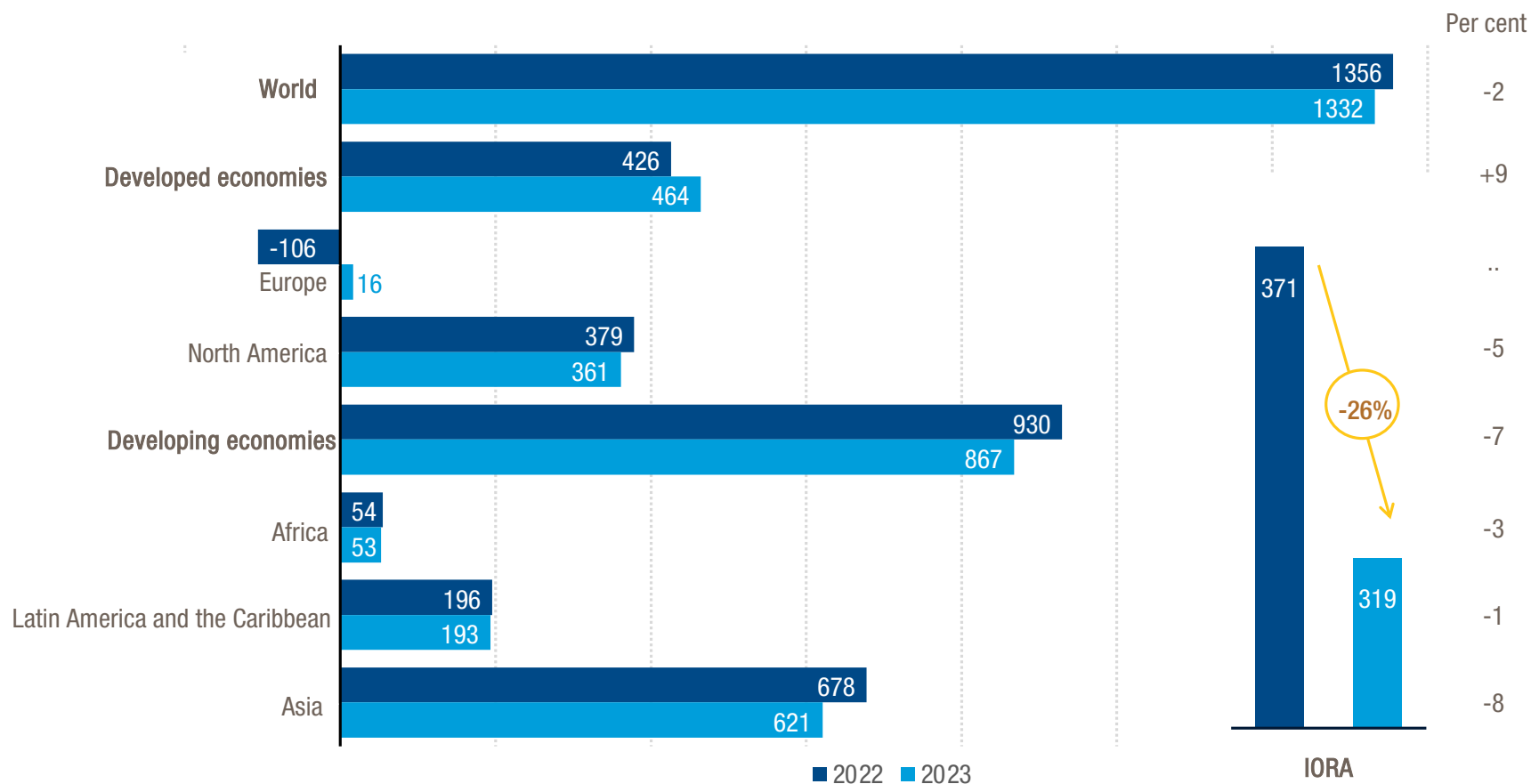
		Project values	Project number
	Infrastructure	-10%	+8%
	Renewable Energy	-13%	-5%
	Water, Sanitation, and Hygiene (WASH)	-31%	-17%
	Agrifood Systems	-27%	+13%
	Health and Education	-14%	+6%

Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics), The Financial Times, fDi Markets (www.fDimarkets.com) and LSEG Eikon.

Regional trends

Foreign direct investment declined in most regions, IORA follows global trend

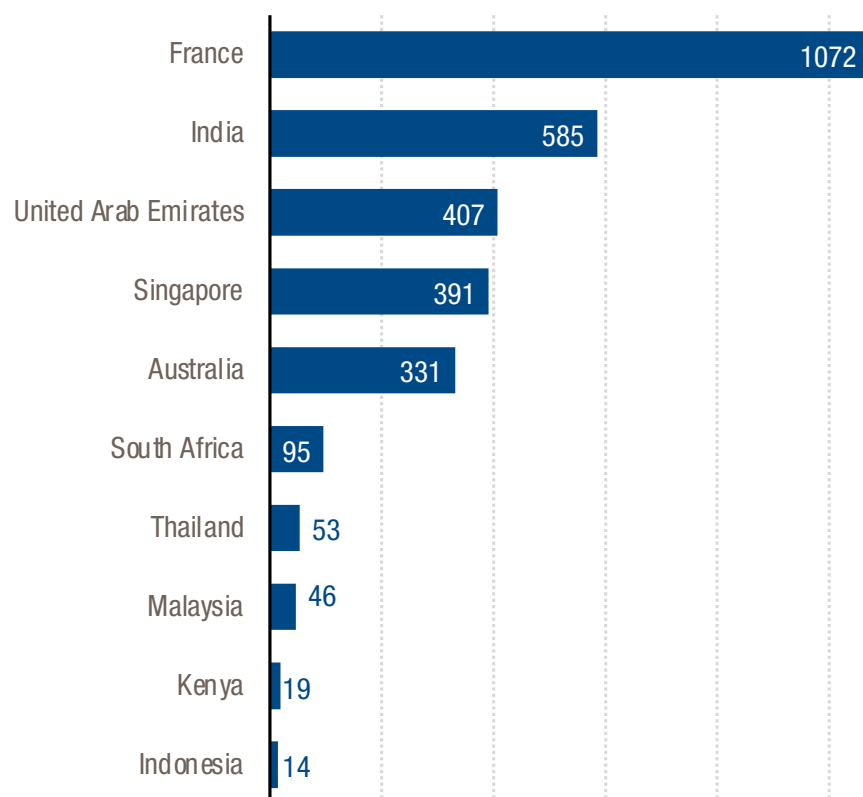
Inflows by economic grouping and region
(Billions of dollars and percentage change)



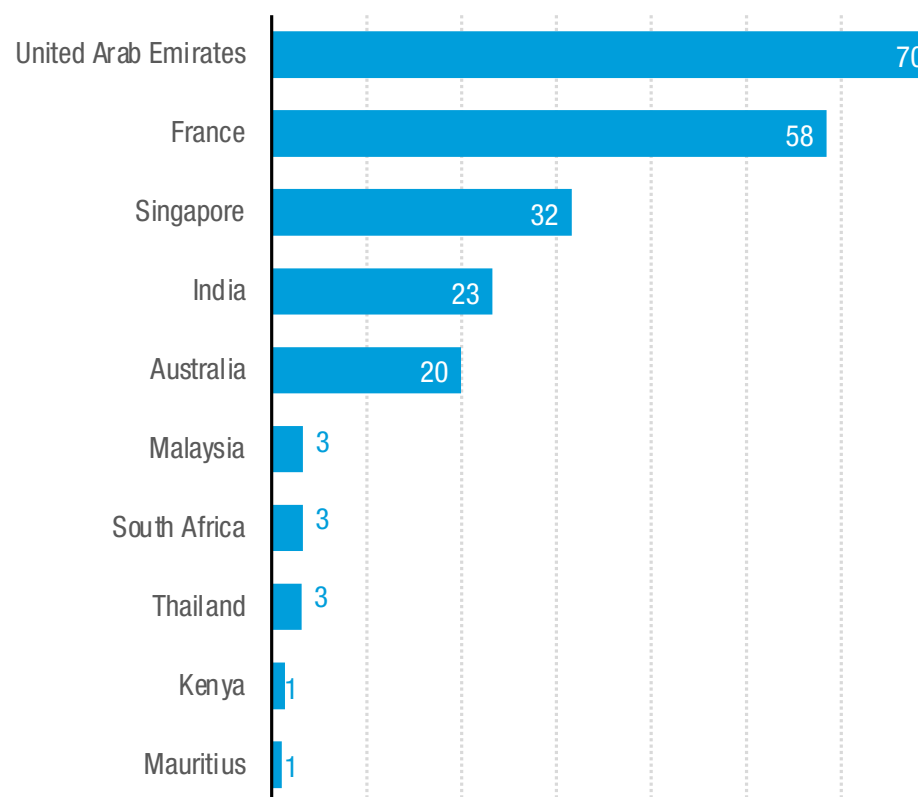
Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

Top-10 recipient economies: Announced greenfield projects

Number of projects



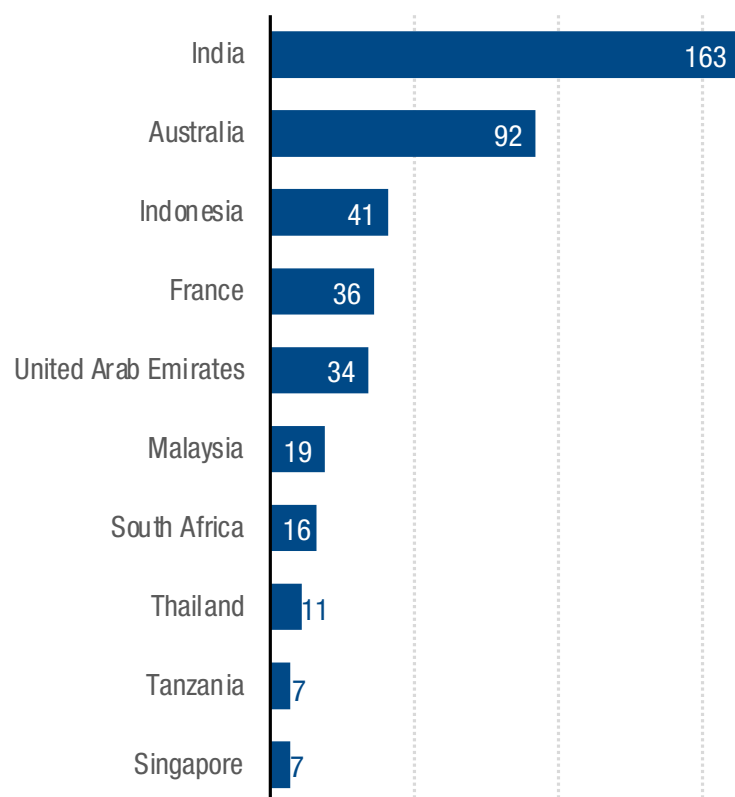
Value, billions of dollars



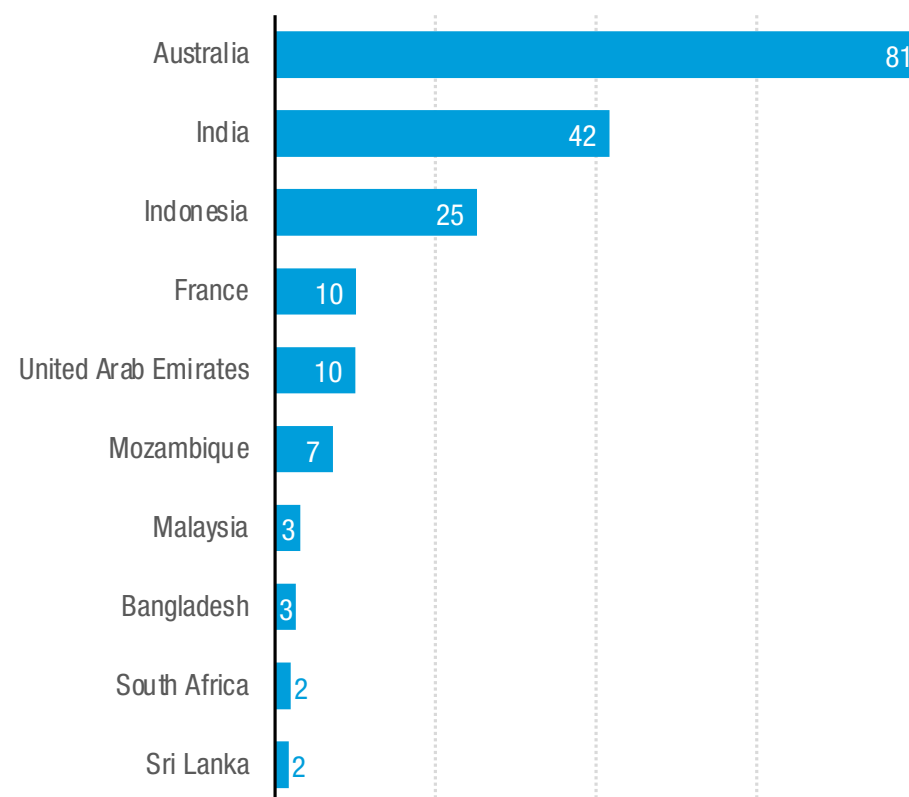
Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).
 Note: No data available for Comoros and Mozambique.

➤ Top-10 recipient economies: International project finance

Number of projects



Value, billions of dollars



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

Note: No data available for Comoros.

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➤ Three main perspectives on supply chain resilience

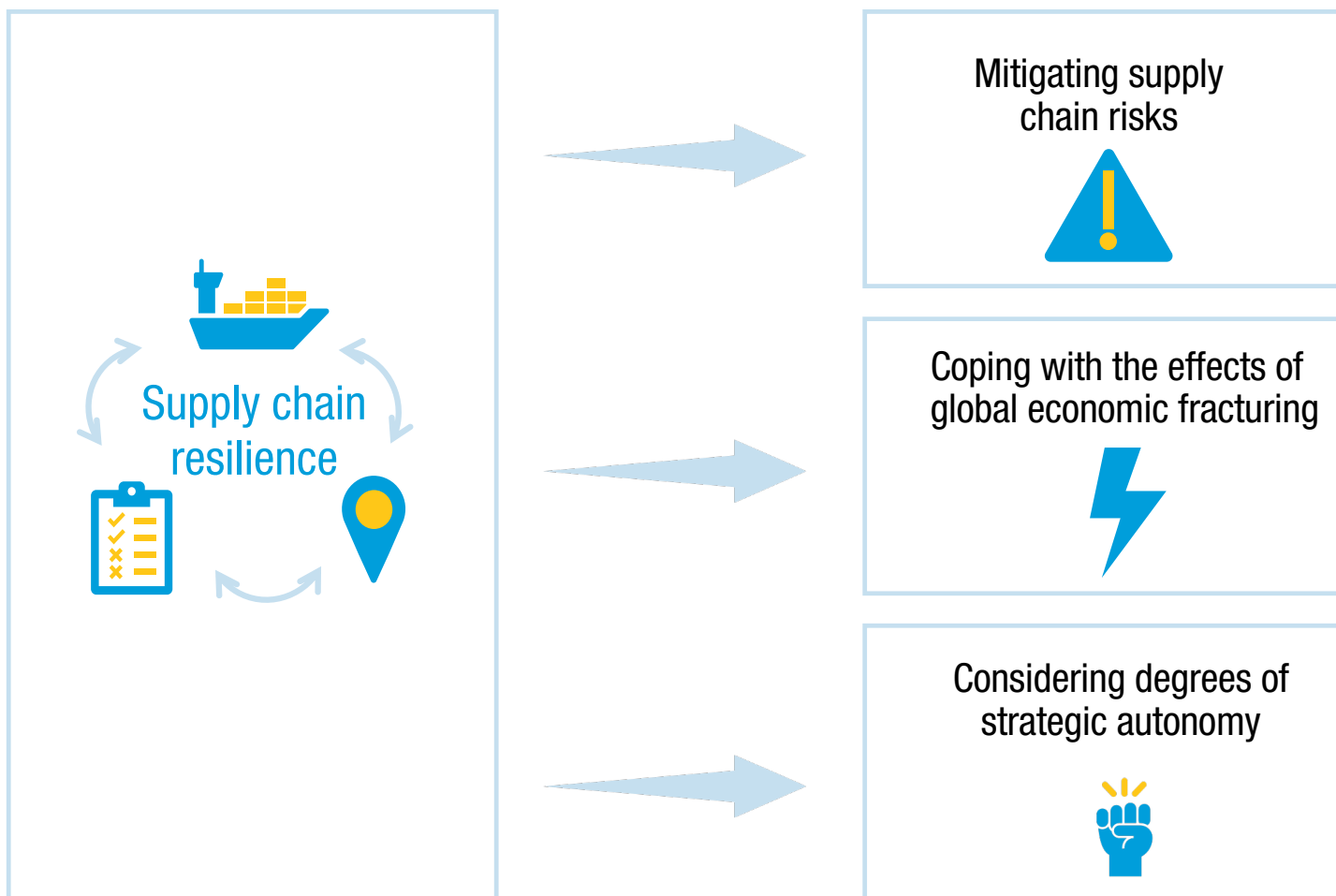


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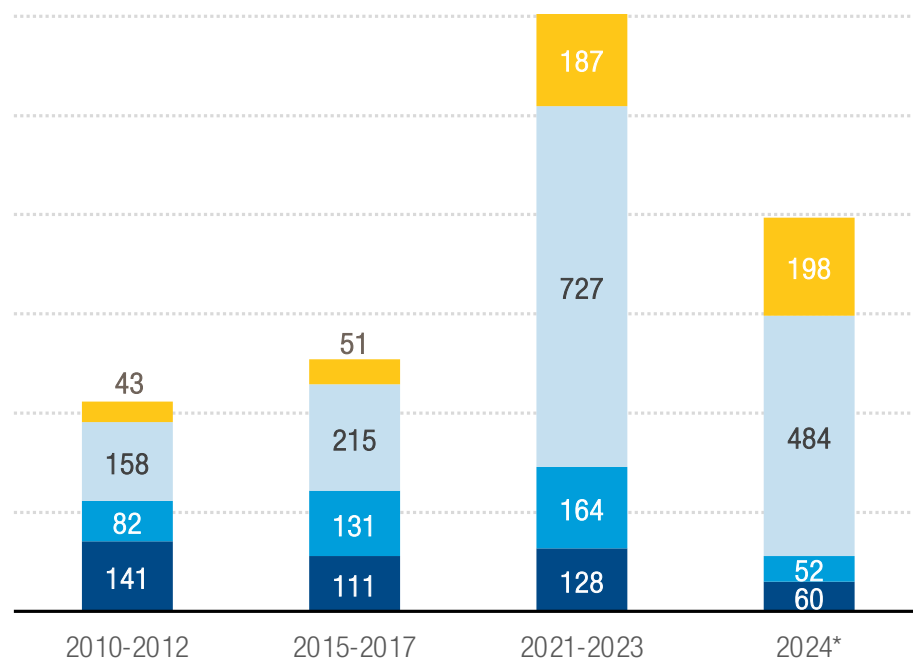


Growth in international infrastructure investment is largely driven by renewables

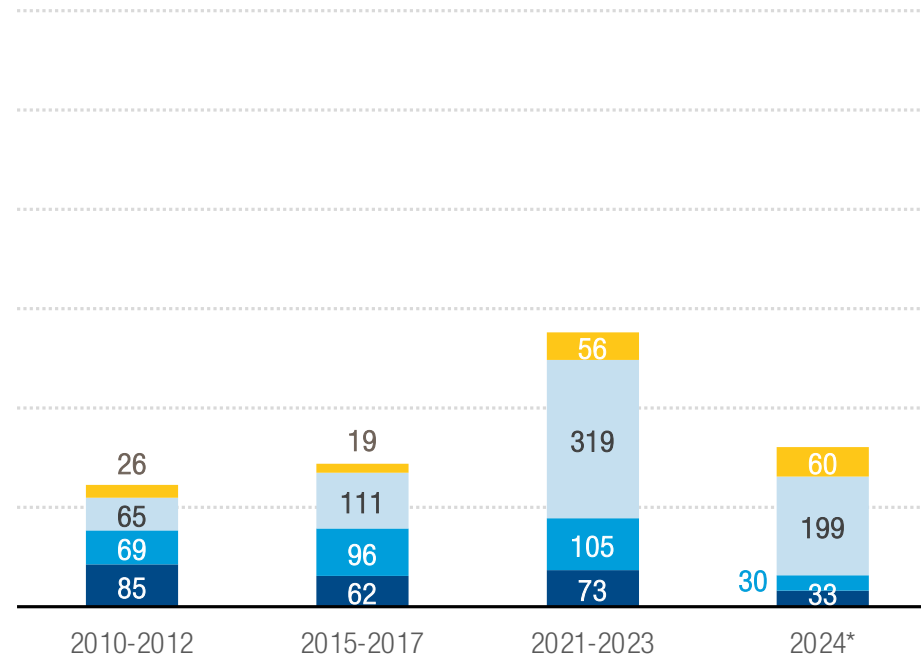
Average yearly investment
(Billions of dollars)

World

■ Transportation
 ■ Power
 ■ Renewables
 ■ Telecommunications



Developing countries



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

Note: 2024* estimated on the basis on 3Q data



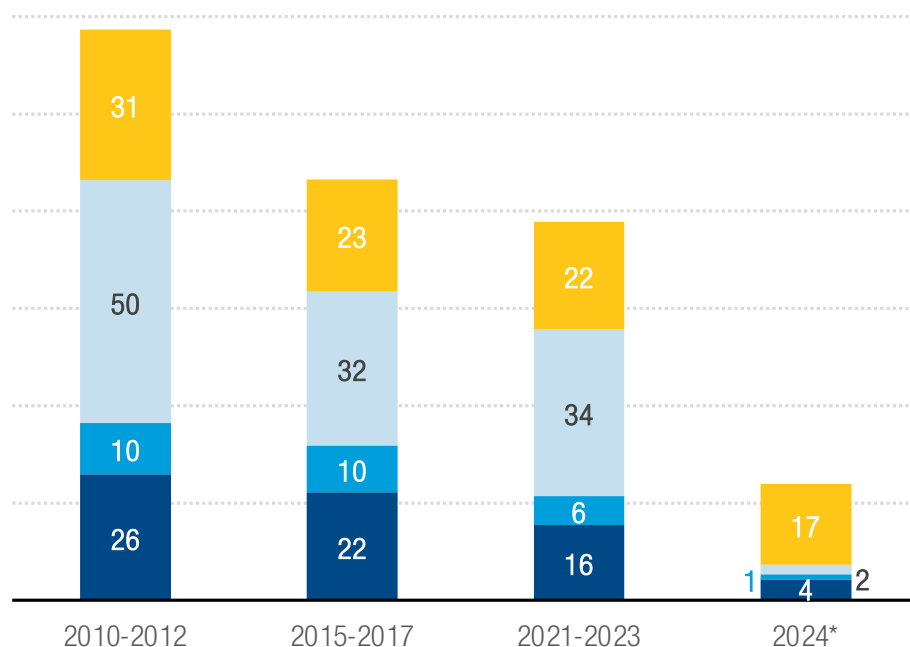
International project finance in ports infrastructure is struggling, although project numbers are increasing

Average yearly investment in transportation, international project finance
(Billions of dollars)

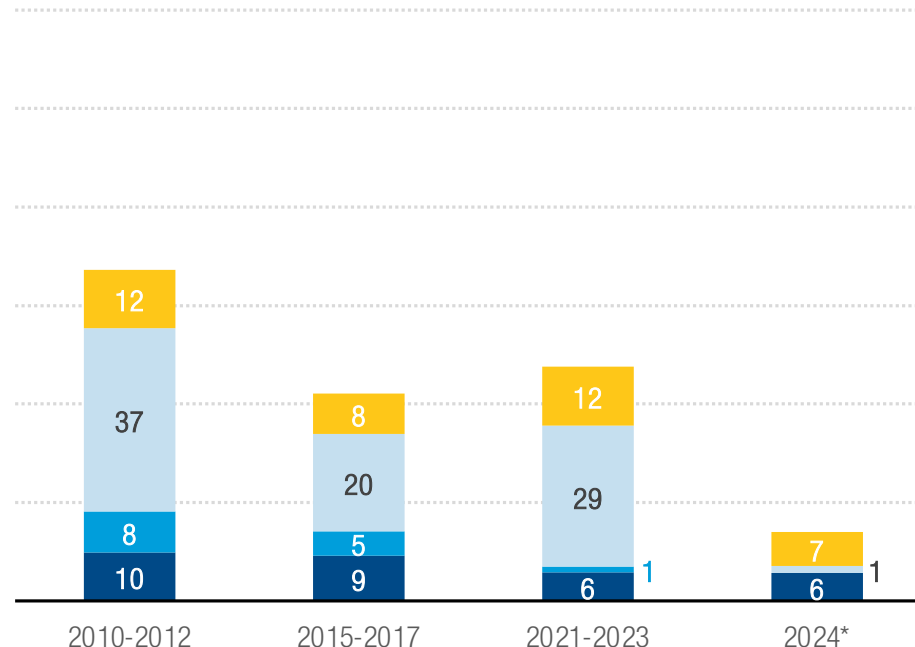


World

■ Ports & container terminals ■ Airports ■ Rails and local transport ■ Roads /Tunnel /Bridge



Developing countries



Source: UNCTAD, based on data from LSEG Eikon.

Note: 2024* estimated on the basis on 3Q data



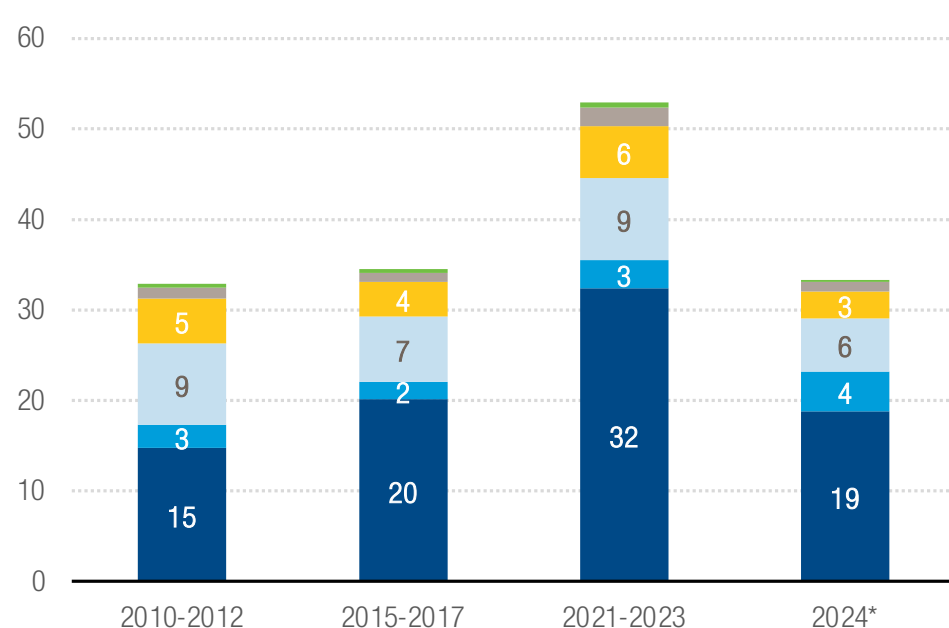
Greenfield investment trends in infrastructure-related services show the impact of the digital economy



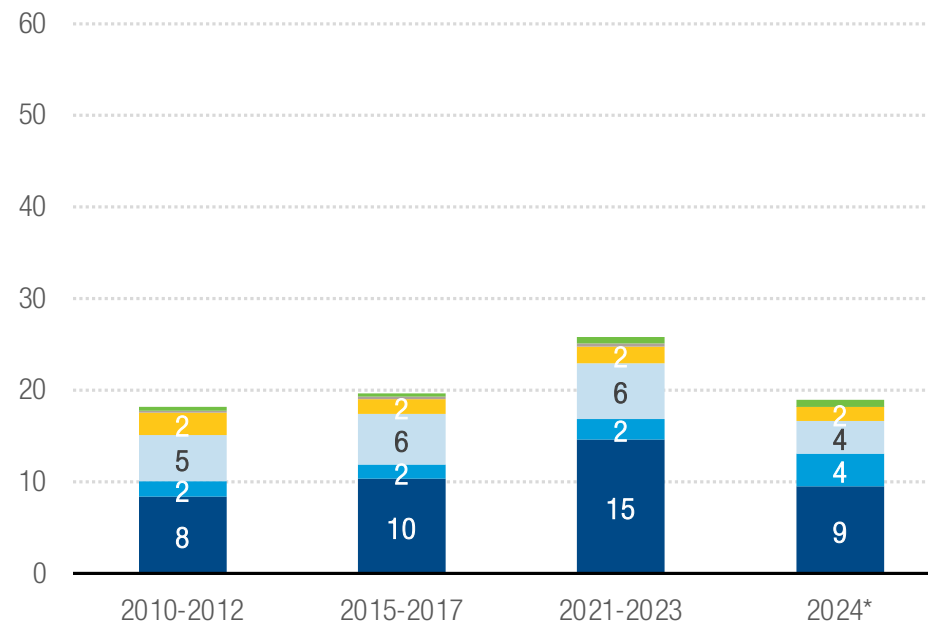
Average yearly investment in transportation, greenfield investment
(Billions of dollars)

World

Truck / Freight Water transportation Warehousing Air transportation Couriers/Postal / Other Rail & ground passenger



Developing countries



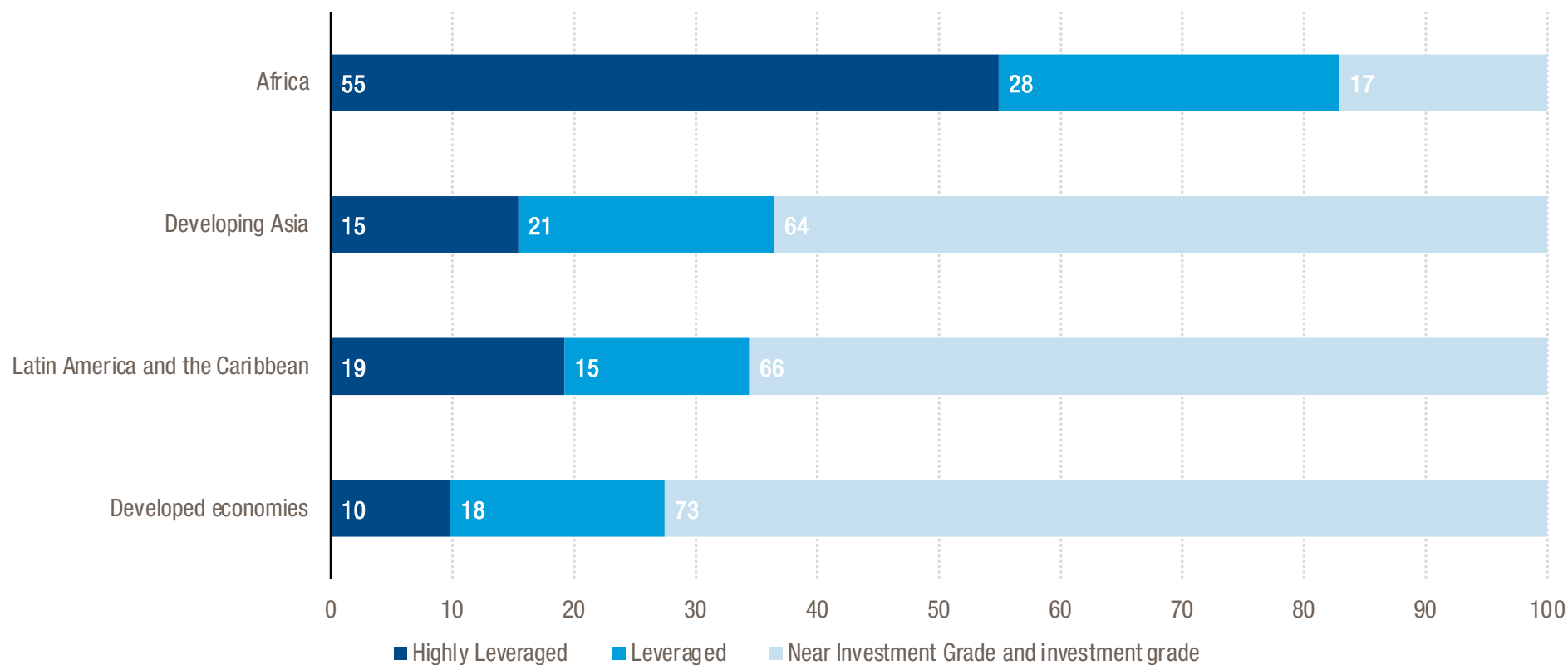
Source: UNCTAD, based on data from The Financial Times, fDi Markets (www.fDimarkets.com).

Note: 2024* estimated on the basis on 3Q data



Developing countries face higher cost of capital

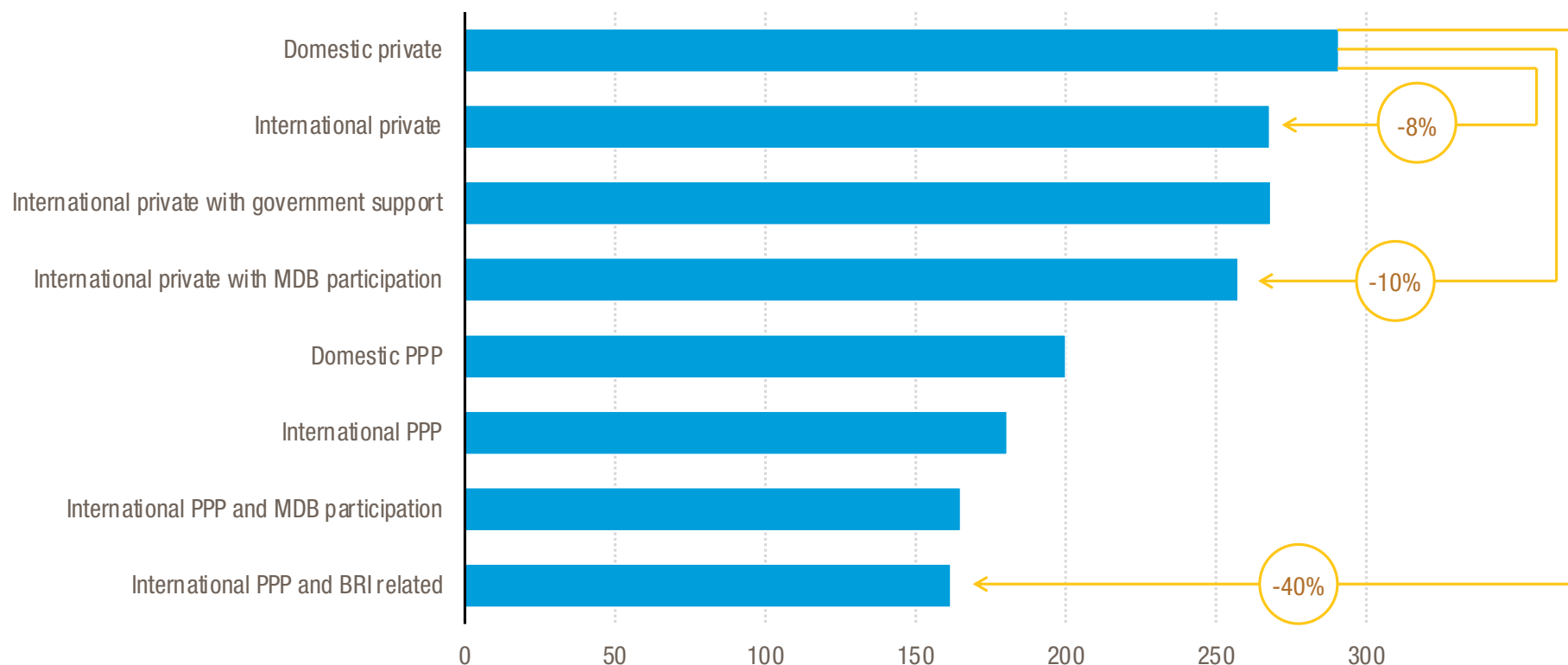
Loan yield type of international SDG infrastructure projects, by region
(Per cent)



Source: UNCTAD, based on information from LSEG Eikon.

➤ MDB participation makes the biggest difference in lowering the cost of capital for international project finance

Average spread on debt financing, by actors involved, developing economies, 2011-2022
(Basis points and per cent)



Source: UNCTAD, based on information from LSEG Eikon.

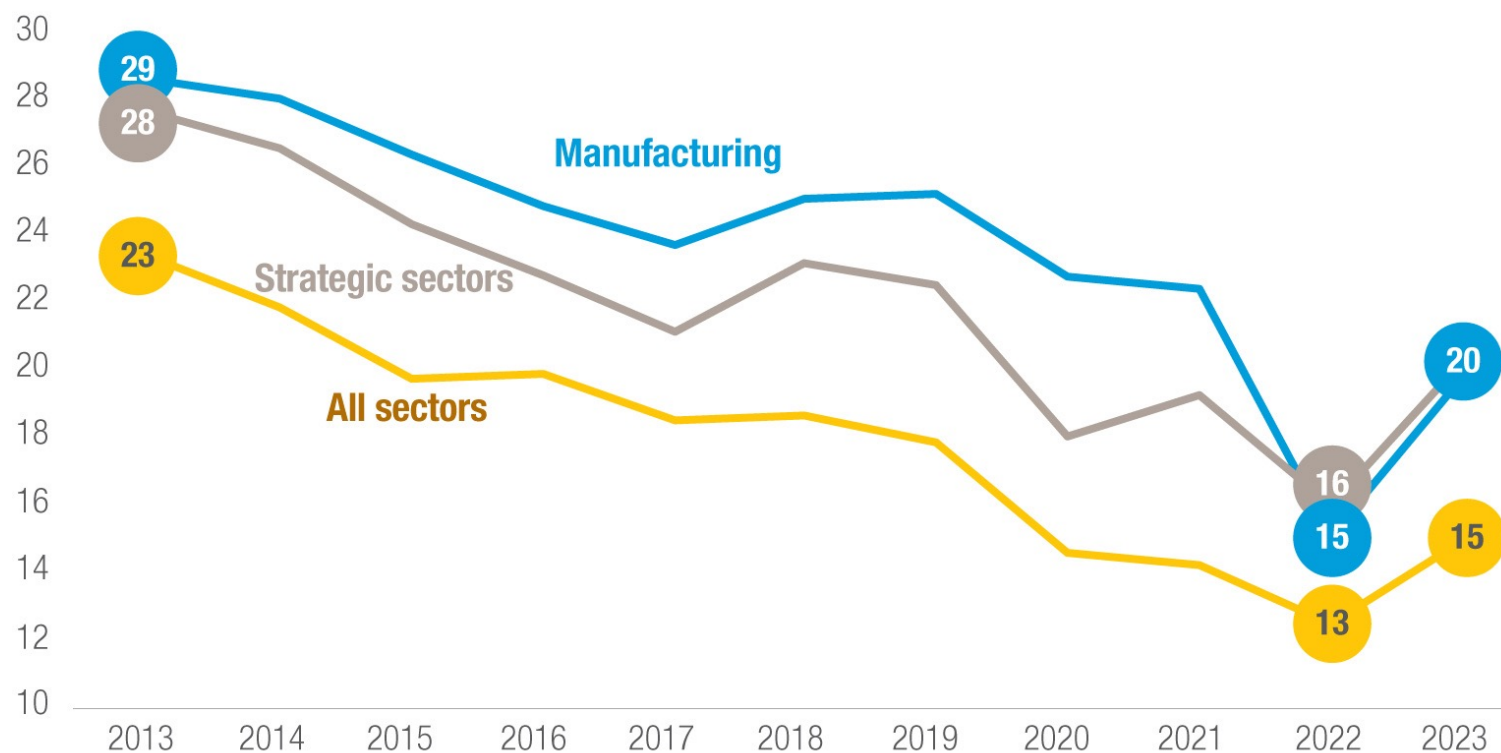
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➤ The share of global investment between geopolitically distant countries is in decline

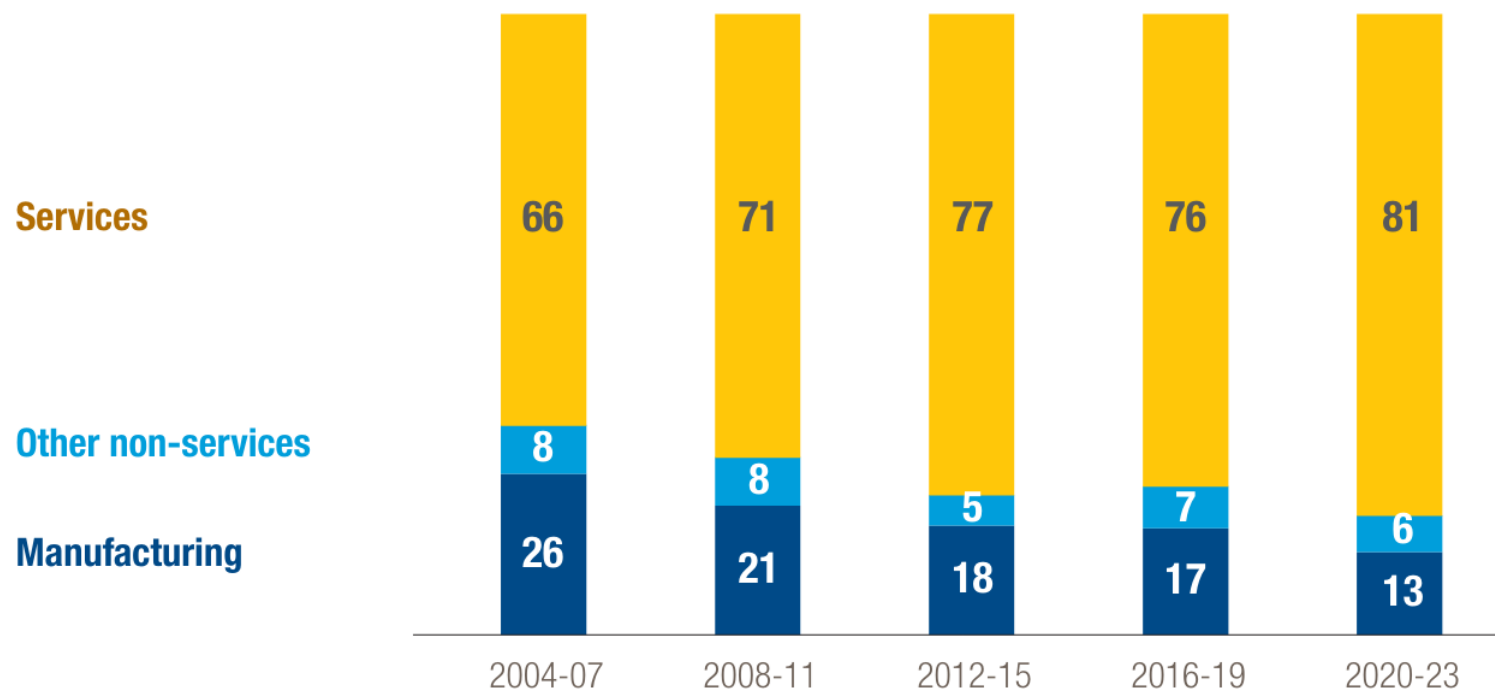
Cross-border greenfield projects between geopolitically distant countries as a share of the total





Services activities have become dominant in global FDI

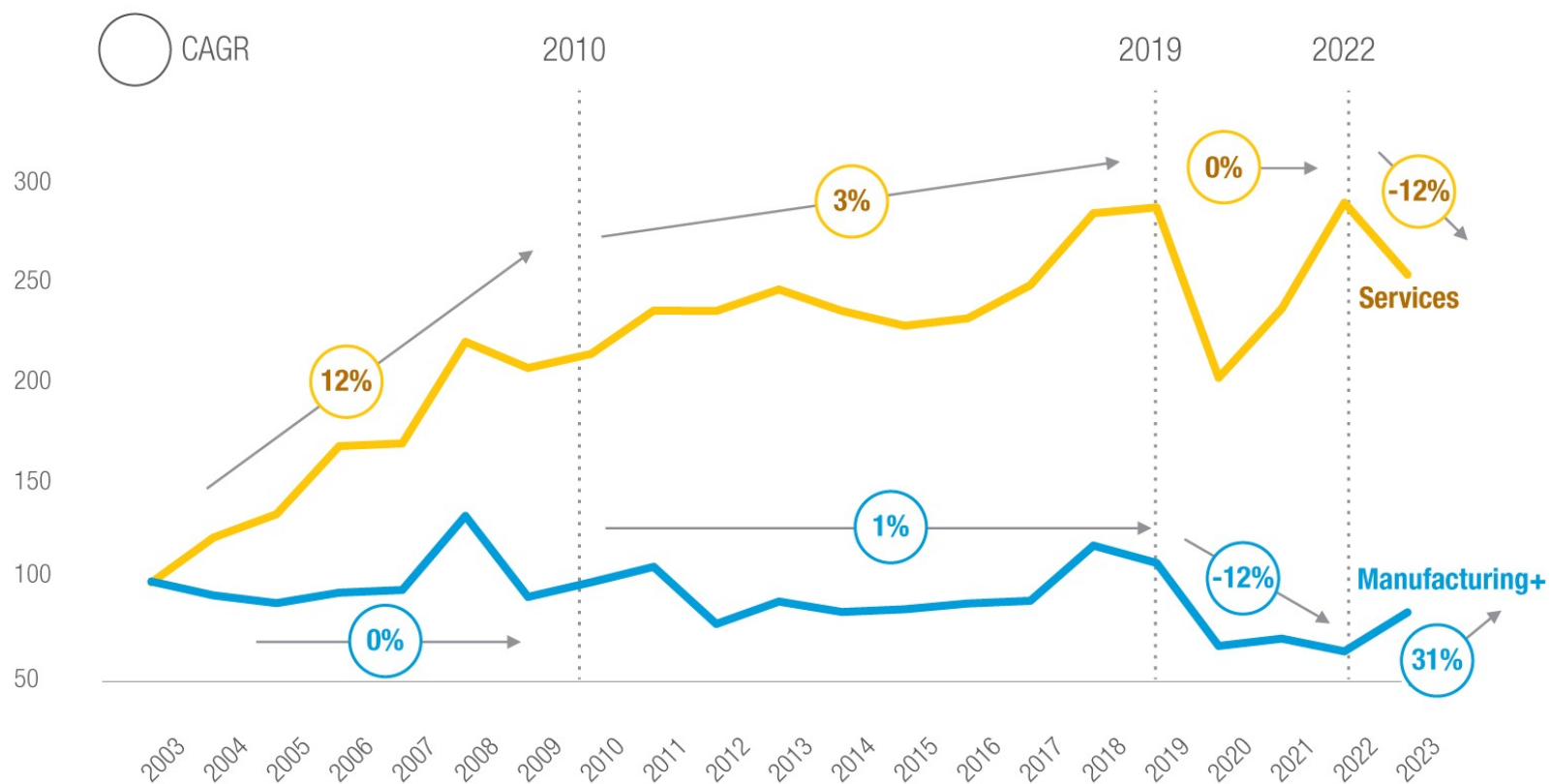
Sectoral distribution of cross-border greenfield projects, per cent





Manufacturing FDI: prolonged stagnation and post-pandemic decline

Number of cross-border greenfield projects, indexed 2003 = 100

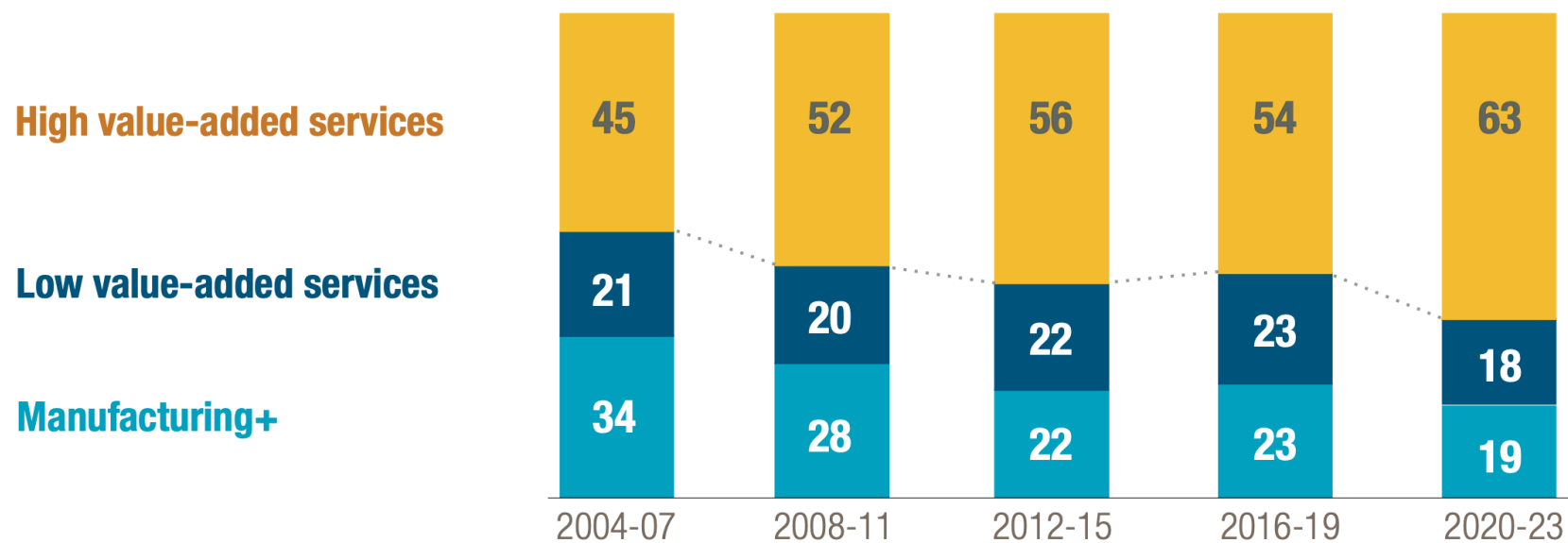


Source: UNCTAD, based on data from The Financial Times, fDi Markets (www.fDimarkets.com).



Higher value-added activities increasingly dominate the FDI landscape

Distribution of cross-border greenfield projects by sector and value-added, per cent



➤ The GVC development ladder is becoming harder to climb

Distribution of cross-border greenfield projects across stages of the GVC-development ladder, per cent

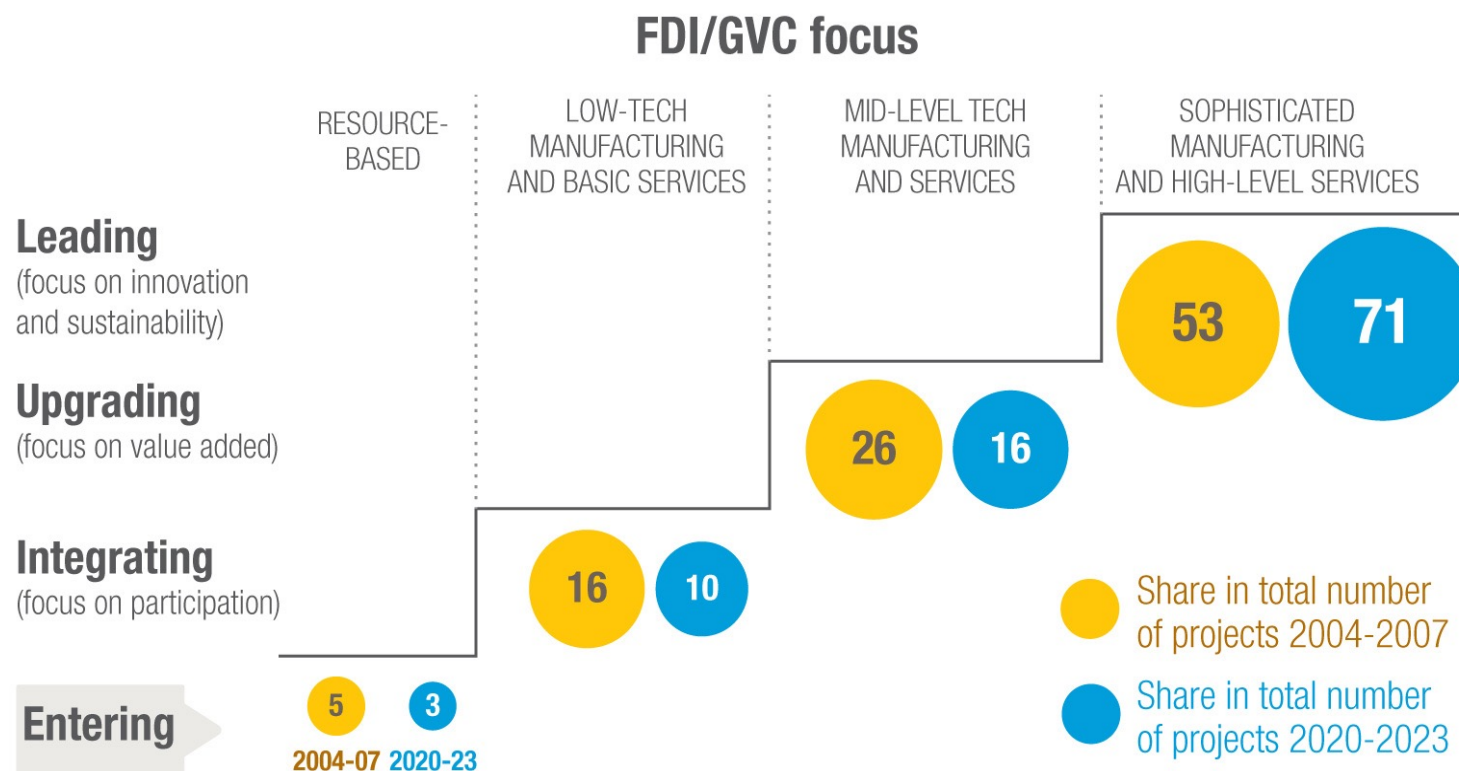


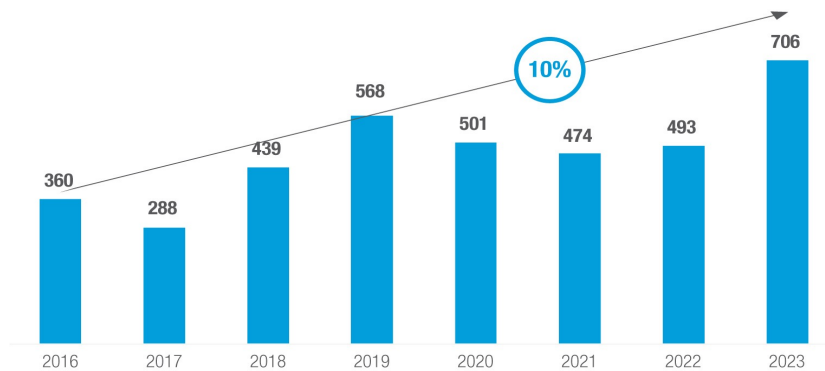
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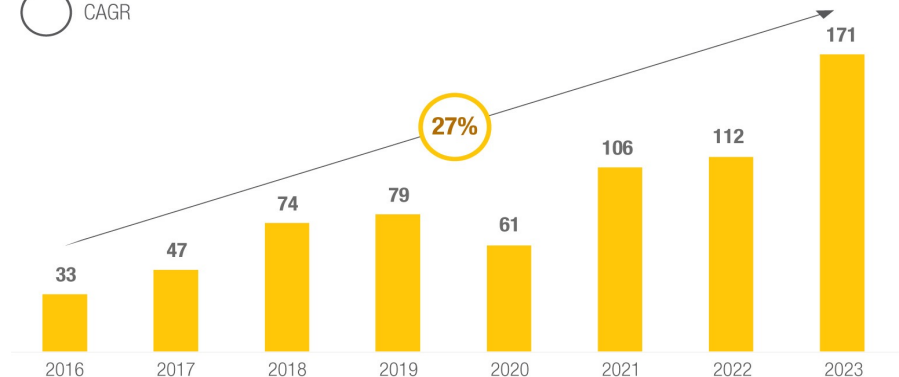
➤ Environmental technology investment defies trends, driven by policy, not global production logic

○ CAGR



Number of cross-border greenfield projects in environmental technologies (excluding services activities)

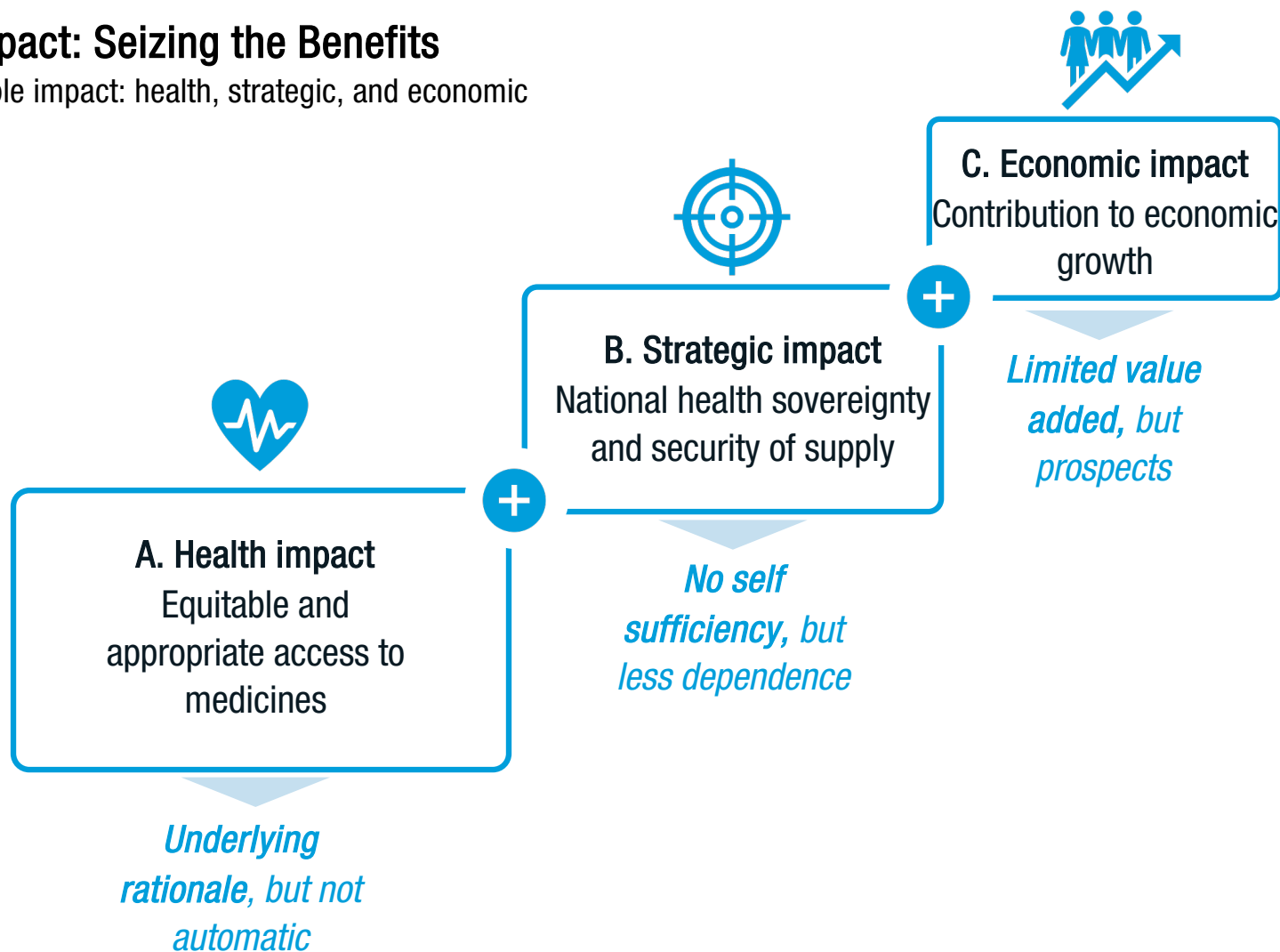
○ CAGR





Impact: Seizing the Benefits

Triple impact: health, strategic, and economic



Questions for discussion

- How can IORA members strengthen regional cooperation to boost FDI?
- What policies can harness global FDI trends to support the economic priorities and strengths of IORA countries?
- How can members proactively address supply chain challenges, such as climate change and geopolitical dynamics, to ensure resilience in the Indian Ocean region?
- What opportunities can be leveraged to attract investments in sectors related to SDGs that drive local production and enhance regional value chains?

Thank you

