

Capacity Development Programme for Investment Promotion Agencies of Least Developed Countries Phase II

Project Proposal

Intended period of implementation 3 years

Starting date 2023

Estimated project budget \$2,000,000

Target countries

Background

Foreign direct investment in least developed countries

FDI is an important potential source of development finance for LDCs. Broad evidence suggests that international investment, together with trade and integration into global value chains, can be a vital driver of economic growth, technological transformation and productive diversification.

The COVID-19 pandemic had grave effects on the global economy and an immediate impact on FDI. In 2020, international investment declined by 35% and reached its lowest value since 2005. Sustainable Development Goal (SDG)-related investment, particularly in developing countries, has fallen as well – putting at risk the achievement of the 2030 Agenda for sustainable development. FDI flows to LDCs were particularly affected, as the pandemic amplified its existing structural weaknesses.

A lot needs to be done to make LDC economies successful competitors for FDI projects, particularly in the industrial and services sectors and in a post-COVID global economy with more competition for less FDI projects. As governments and investors around the world are considering how to “build back better” in the post-COVID 19 global economy, it is vital to support LDCs to adapt quickly to this new investment climate

Project Description

The overall objective is to improve institutional capacity and integration of trade and investment in LDCs to attract investment that contributes to sustainable

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To achieve these outcomes, the project will build on the main outputs of Phase I, including through the incorporation of the findings from the survey report that assesses the immediate needs of IPAs and the perceived weaknesses of the investment climates and effectiveness of IPAs in LDCs. It will also continue the IPA Executive College and its multi-agency training programme, that will be expanded to