



**Statement**

**By**

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And  
High Representative for the  
Least Developed Countries, Landlocked Developing  
Countries and Small Island Developing States**

**at the**

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“Reviewing the performance of LDCs in terms of FDI  
attraction since 2001”**

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I wish to thank the UNCTAD secretariat and the ICC for organizing this high-level event to review foreign direct investment flow to LDCs since 2001 as part of the mid-term review of the implementation of the Brussels Programme of Action.

The foreign investment is a critical source of much needed capital, know-how, technology and access to international markets for LDCs. The Brussels Programme of Action for the LDCs very appropriately emphasized the complimentary and catalytic role of foreign direct investment in building domestic supply capacity, export growth, technology and skill transfer, employment generation and poverty eradication for LDCs in the coming years.

As indicated in the report of the Secretary-General on the mid-term review of the Brussels Programme of Action, foreign direct investment began to expand in the latter part of the 1990s and has doubled since 2000. This is of course very positive development. However, much of this increase has been prompted by interest in extractive industries and has been concentrated in a small number of least developed countries.

In their efforts to attract foreign direct investment, the LDCs face multiple challenges, such as limited scale of economy, inadequate development of macroeconomic environment, unsatisfactory physical and economic infrastructure development, level of technology development, disadvantaged geographical situation (more than half of the LDCs are landlocked or small island developing countries) and lack of entrepreneurship and managerial capacity.

Most LDCs have realized that FDI is key to the economic and social development of their countries. Accordingly, most of them take the host country responsibilities very seriously. Therefore, in Brussels the governments of LDCs have undertaken important commitments aimed at establishing a stable economic, legal, and institutional framework, to promote a conducive macroeconomic environment, good governance, and democracy, as well as to strengthen structural aspects of the economy and to improve institutional and human capacities to create better investment climate. In more specific terms, most LDCs have been implementing policies which provide investment guarantees, tax holidays, national treatment, profit repatriation and liberalization of administrative procedures. These are crucial factors for attracting foreign direct investment. There is also welcome development that sources and nature of foreign direct investment inflows are becoming more diversified as flows from developing countries increase and host Governments increasingly cooperate with the foreign business sector, sometimes in public-private partnerships.

These far-reaching policies and decisive measures undertaken by the LDCs should be supported by their development partners and home countries of foreign direct investment. The commitments undertaken by the development partners in the Brussels Programme of Action should be materialized through concrete actions and measures.

In this context, I wish to emphasize that the home countries generating FDI should do more to assist LDCs in their efforts to improve their investment climate by strengthening their support to capacity development and institutional mechanism.

Governments of development partners need to do more at home to encourage investments from their countries in LDCs. They should adopt and implement economic, financial and legal incentives to encourage their investors to bring their capital into LDCs. The private investors of developed countries need assistance from their respective governments in the form of soft loans for investing in LDCs, investment guarantees, co-financing, tax relief and information on investment opportunities in LDCs. It provides an informal and flexible framework within which senior business executives and senior government officials responsible for investment matters can interact on questions related to attracting FDI and benefiting from it. In this context, I wish to make a specific suggestion that such a high-level forum should address the measures undertaken by the home countries to encourage their investors to invest in LDCs.

I wish to stress that the United Nations specialized agencies and other relevant international organizations should play proactive role in forging genuine partnership between private and public sector in the global efforts to assist the poorest segment of the international community by mobilizing much needed private investment into these countries. In this context, I wish to commend the useful analytical work recently carried out by the UNCTAD and the initiatives launched the United Nations Global Compact Office to raise the international awareness on the need for private sector support to the Least Developed Countries.

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