

UNCTAD Global Investment Trend Monitor Report – 2022

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In news– The United Nations Conference on Trade and Development (UNCTAD) has published the Global Investment Trend Monitor Report – 2022 recently.

Key highlights of the report-

- As per the report, the **number of climate mitigation and adaptation investment projects declined 7 per cent and 12 per cent respectively** from January through September 2022, as the world grapples with an economic slowdown.
- Shrinking investments across industries, especially those that play a major role in tackling climate change, was in stark contrast to the growth seen in 2021.
- **The gap between mitigation and adaptation financing was also huge** in 2022, the UNCTAD analysts observed: **Mitigation projects accounted for 94 per cent of international climate investments.**
- It has said that the shift from fossil-fuel to green investments to support the energy transition risks a setback, due to the loss of momentum in renewables and high oil and gas prices.
- As **much as two-thirds of the international project finance deals and greenfield investments in renewables went to developed economies.**
- **North America and developing Asia attracted about 200 projects each**, while Latin America, the Caribbean and Africa had about 150 and 100 respectively.
- The **global economic downturn has also affected fossil-fuel based energy generation and extraction projects**, which reduced 16 per cent during the first three quarters of 2022.
- But the energy crisis facing many countries and the

higher profits made by these industries can lead to the world falling back on polluting fuels. This can lead to more investment in the fossil-fuel sector and derail the shift to renewable energy.

- The overall decline in new project investment during the period also indicated **“tightening financial conditions and higher investor uncertainty”**.
- Developed countries as well as Latin America and Central Asia recorded the biggest declines.
- Extractives and petrochemicals industries were among the few that bucked the trend of dwindling project numbers, the observers wrote.
- **The number of greenfield projects shrank 10 per cent** in the first three quarters of 2022 but grew in value due to some big-ticket announcements in electricity and gas supply.
- UNCTAD has said that **food, fuel and finance crises around the world, the Ukraine war, rising inflation and interest rates and fears of a coming recession were among reasons for the drying up of funds.**
- It has noted that foreign direct investment (FDI) flows in the second quarter of 2022 reached an estimated \$357 billion. **This was 31 per cent lower than the first three months of 2022.**
- **FDI flow declined 22 per cent in developed economies** but grew 6 per cent in the developing economies combined.
- But the **fund distribution was uneven in the developing world:** Latin America and developing Asia maintained previous upward FDI momentum, while **flows to Africa nearly dried up completely.**

The United Nations Conference on Trade and Development (UNCTAD) -

- It was **established in 1964 by UNGA as an intergovernmental organization** intended to promote the interests of developing states in world

trade.

- **Its Headquarters : Geneva, Switzerland.**
 - **The organization's goals are to:** “maximize the trade, investment and development opportunities of developing countries and assist them in their efforts to integrate into the world economy on an equitable basis”.
 - **The primary objective of UNCTAD is to formulate policies** relating to all aspects of development including trade, aid, transport, finance and technology.
 - The conference **ordinarily meets once in four years; the permanent secretariat is in Geneva.**
 - One of the principal achievements of UNCTAD has been to conceive and implement the Generalized System of Preferences (GSP).
 - **UNCTAD is the part of the United Nations Secretariat** dealing with trade, investment, and development issues.
- **It reports to the UN General Assembly and United Nations Economic and Social Council.**