

World Investment Forum - 2014, Geneva, Switzerland

**Speech by Hon. Lakshman Yapa Abeywardena, Minister of Investment
Promotion of Sri Lanka
at the
Ministerial Roundtable, 16 October 2014**

Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,

It is a great honour and a privilege for me to address this esteemed Ministerial Round Table and I wish to convey my sincere gratitude to the Secretary General and his team at the UNCTAD for organizing this timely Forum.

Pursuing private funds for the purpose of supplementing public sector investments towards sustainable development goals or SDGs is a pressing need for most of us in the developing world. Let me take the case of Sri Lanka to highlight this better. As most of you know well, Sri Lanka is a country, which suffered almost three decades due to one of the worst forms of terrorism witnessed in the world. However, since the end of terrorism in May 2009, the country has made huge strides in its post-conflict development efforts, registering a remarkable average growth of 7%. The overall GDP has shown a 60% growth within 5 years, from 42 billion US dollars in 2009 to 67 billion US dollars by 2013. Over the last few years, the government has made heavy investments in upgrading our infrastructure, including highways, ports, airports, power generation and telecommunication, which did not receive adequate attention for a very long time. We have paid special attention to the North & East, the two regions, which suffered the most, in this context.

However, we have a long journey ahead and we require a substantial amount of investment to sustain the current growth momentum and embark upon its SDG commitments successfully. For this, we will need about 5 billion US dollars of FDI by 2016. However, our current projections show that we will be able to raise only around 4 billion US dollars in 2016. This means, we are most likely to face a considerable gap.

Ladies and Gentlemen,

Many of the developing nations continue to encounter a similar story. Lack of funds for even the most critical investments has become a common issue across the developing world. The Group of Fifteen, a Summit Level Group of Developing Countries, currently chaired by Sri Lanka, too has repeatedly underscored the

urgent need for establishment of appropriate mechanisms to foster and promote private sector engagement in this context. It is very important that we make concerted efforts to address this global problem. As the private sector is mainly driven by profits, national priorities of a particular country may not necessarily be the priorities for the private sector. For instance, a multinational corporation may not be interested in investing in a highway project of a poor country, as the rate of return can be very low. Nevertheless, an efficient road network and with better connectivity is a strong stimulus, which has many associated benefits. A best illustration would be to development townships, surrounding every exit point along a highway that will generate an array of economic activities, which can support the livelihood improvement at the grassroots level.

Ladies and Gentlemen,

In a situation like this, how do we attract the desired FDI to finance national priorities, driven towards the SDGs and inclusive growth? Even at present, the private sector plays a major role in financing investment projects, so long as they generate profits. The challenge before us is to motivate them to finance the investment that can fill the resource gap. I believe that private financing can be harnessed toward sustainable and long-term investment through an enabling environment that provides right incentives. An effective strategy in this context has to take into account all aspects of sustainable development and bring together the different modes of traditional financing.

Let me share with you a new strategy that we are currently trying as a pilot project in financing some of our key projects. We have entered into MOUs with two foreign banks in order to promote Sri Lanka among their clients. We have indicated to these banks the areas where we need FDI, mainly for regional development that would eventually lead to effective realisation of SDGs. This is just one example that can open out minds to similar strategies, which may be very simple, but highly effective.

We have realized that the potential for increasing private sector participation is greater in some sectors than in other sectors. This forum is an ideal platform, where we could share our expertise and experiences for mutual benefit. Together, let's work to turn our expectations into real growth and more prosperity for our people.

Thank you very much for your attention.

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