Statement by
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AS PREPARED FOR DELIVERY

Excellencies,
Distinguished guests
Ladies and gentlemen,

I would like to welcome you all to the 11th session of the Investment Advisory Council, organized in cooperation with the International Chamber of Commerce, represented by its Secretary-General, Mr. Jean-Guy Carrier. It is an honor for me to moderate this session, which will today focus on "Boosting Investment for Productive Capacity in the Least Developed Countries" (LDCs).

Why does this session focus on investment for productive capacities?

International investment already provides an important source of financing for sustainable development in many countries, but our goal, as international investment stakeholders, is to help target this investment at the productive sectors, especially in the world's poorest countries. It is only through better-targeted investment to productive capacity, such as in agriculture, infrastructure and industrial development, including the green economy, that countries will be able to integrate into global supply chains, develop exports, and provide jobs, food security and other development benefits.

For the world's least developed countries, international investment could play a stronger role in developing key strategic sectors that strengthen and diversify their productive base. In this context, policymakers have started to focus their attention not only on the quantity of investment, but also on its quality. Here, quality refers to how far investment flows contribute to the development of domestic productive capacities through the transfer of technology, the formation of business linkages, and the development of human capital.

As mentioned by Mr. Supachai, many LDCs still face obstacles in attracting and extracting the real benefits from foreign direct investment. Investment projects are often concentrated in enclaves of export-oriented primary production with limited employment generation, and minimal technological and productivity linkages. In order to overcome these obstacles, the poorest countries may need support from the international community to foster the inflow of high quality investment to build productive capacity.

Generally, our understanding of productive capacity building comprises several components, all of which could be addressed by coordinated action from the international community. These include:

- Human resources and skills development, such as education and training
- Infrastructure development, such as energy, telecommunications, transport, water and sanitation, but also the establishment of industrial parks, SEZ and green zones
- Technology development of both new and existing technology adapted to local markets needs

- Enterprise development, which refers to the utilization of entrepreneurial capabilities, skills, knowledge, and information of an organization.

Now let's consider what would constitute the elements of international support for productive capacity development, or "aid for investment in productive capacity". Broadly speaking, aid includes financial support, technical assistance and creating an enabling environment. More specifically, these areas would include,

1. Financial support: for example, the provision of insurance guarantees for projects, based on the potential impact of the investment on the host country's productive capacity.
2. Technical assistance: for example, strengthening the capacity of LDC policymakers to formulate and implement policies that are aimed at attracting FDI and maximizing its development benefit
3. An enabling environment: to be effective, the above measures must be supported by a suitable international policy environment in trade and investment, conducive to the specific needs of LDCs, for example, by facilitating the transfer of technology, maintaining preferential market access, and ensuring a predictable and stable international investment climate.

To conclude, international investment is crucial for the development of productive capacities, especially in LDCs. The international community could help through the elaboration of an "aid for investment" initiative. I would therefore now like to invite you to discuss and further develop these elements and to brainstorm new ideas for concrete support.