

Preface

At a time when the world should be deepening cooperation and expanding opportunity, we are seeing the opposite. Barriers are rising. Globalization is retreating. And the consequences for sustainable development are profound.

The *World Investment Report 2025* delivers a sobering message: global foreign direct investment fell by 11 per cent in 2024, to \$1.5 trillion. Infrastructure investment is slowing. Industrial investment is under strain. And developing countries – those most in need – are being left behind.

Rising trade tensions, policy uncertainty and geopolitical divisions risk making the investment environment even worse.

One bright spot is the digital economy, but the growth in this sector remains highly uneven. Investment in digital infrastructure is essential to closing the digital divide. Digital connectivity is a powerful driver of progress – if we ensure it reaches everyone.

This year's report explores how international investment can help bridge that divide. It offers practical guidance to help governments attract and direct capital toward inclusive growth – advancing the Global Digital Compact and the Sustainable Development Goals.

Now more than ever, we need to work together to chart a course towards a more resilient and sustainable world. The *World Investment Report 2025* offers ideas and insights to help do just that.



António Guterres

Secretary-General of the United Nations





Foreword

Investment is more than just capital flows and project pipelines. It is a signal of where we are placing our bets as a society: on what we value, where we see potential and who we believe should be part of the future. As such, investment trends do more than track economic performance – they offer a mirror to our priorities, our systems and the choices we make collectively.

The World Investment Report 2025 arrives at a moment when that mirror reflects both strain and opportunity. The global economy continues to grapple with a complex set of challenges: mounting debt, persistent underperformance in GDP growth, geopolitical tensions, and structural shifts in trade and investment flows.

As our report shows, global foreign direct investment contracted for the second consecutive year. International project finance, critical for large-scale infrastructure and development, registered the steepest decline, falling by 26 per cent. Meanwhile, cross-border mergers and acquisitions remained below the long-term average, signalling a structural shift toward domestic and near-shore investment strategies amid rising policy risks, regulatory scrutiny and global uncertainty.

What is most alarming, however, is the continued deterioration of investment flows into key sectors aligned with the Sustainable Development Goals. In 2024, investment in energy and gas supply fell by 28 per cent, while project finance in renewable energy declined by 16 per cent. This trend comes at a time when the world can least afford to fall short. Reversing this negative trend in Goals investment will demand not only more capital – both public and private – but also deeper alignment of investment flows with long-term sustainability goals.

Amid these challenges, the report identifies investment in the digital economy as an engine of growth and transformation. The digital economy is expanding at an annual rate of 10 to 12 per cent, outpacing global GDP growth and accounting for a rising share of value creation worldwide.



Yet this growth is not equally distributed. Despite more than \$500 billion in greenfield investment in the digital economy into developing countries over the past five years, this investment is heavily concentrated in a few countries. Many structurally weak and vulnerable economies remain marginalized, constrained by inadequate digital infrastructure, limited digital skills and policy and regulatory uncertainty.

This inequality underscores one of the defining development questions of our time, one we tackle in the report: will digital transformation deepen divides, or can it become a pathway to more inclusive, sustainable growth?

To translate digital opportunities into inclusive progress, it is essential to create an enabling environment for sustainable investment in the digital economy. While many developing countries have adopted digital strategies, these often exist in silos – disconnected from broader industrial, sustainability and investment agendas. Gaps in data governance, poorly calibrated intellectual property frameworks that neither encourage innovation nor facilitate knowledge sharing, and fragmented regulatory regimes continue to hold back progress.

The *World Investment Report 2025* sets out a road map for bridging this gap. It highlights the catalytic role of development finance institutions, multilateral development banks, sovereign wealth funds and blended finance mechanisms in scaling up investment in the digital economy. These priorities align with the growing reform momentum ahead of the Fourth International Conference on Financing for Development, including calls to triple multilateral lending capacity and de-risk private investment to close infrastructure gaps.

This year's report also reflects the global commitments made under the Global Digital Compact and the Pact for the Future, adopted in 2024. To accelerate implementation, it proposes practical tools, including a Policy Toolkit for Investment in the Digital Economy, designed to equip governments, investors and development partners with the knowledge, data and guidance needed to navigate an evolving investment landscape.

UNCTAD remains fully committed to supporting all Member States in building a smart, inclusive and sustainable future. The stakes are clear. The digital transformation is not an inevitability – it is a choice. We must choose to make it inclusive. We must choose to make it sustainable. We must choose to ensure that the next chapter of investment does not simply digitize inequality but evens the playing field of our digital world.



Rebeca Grynspar
Secretary-General of UNCTAD

