

**REGIONAL VARIATIONS IN FOREIGN DIRECT INVESTMENT FLOWS TO
DEVELOPING COUNTRIES: A TRI-CONTINENTAL COMPARATIVE STUDY**

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Abstract: This study analyzes Foreign Direct Investment (FDI) flows to developing countries across Asia, Africa, and Latin America from 2010 to 2024. Using data from UNCTAD, World Bank, and regional development banks, we examine twelve representative countries from each region. Results show Asian developing countries received the highest FDI inflows (averaging \$650 billion annually), followed by Latin America (\$185 billion) and Africa (\$85 billion). Key determinants vary by region: market size and manufacturing capacity drive Asian FDI, natural resources and regional integration influence Latin American flows, while resource extraction and infrastructure needs dominate African patterns. The findings provide insights for policymakers seeking to enhance investment attraction strategies.

Keywords: Foreign Direct Investment, Developing Countries, Regional Analysis, Investment Flows, Comparative Study, Economic Development, Asia, Africa, Latin America

Introduction

Foreign Direct Investment (FDI) has emerged as a critical catalyst for economic development in developing countries, providing not only capital but also technology transfer, employment opportunities, managerial expertise, and integration into global value chains¹. However, the distribution and characteristics of FDI flows exhibit pronounced regional variations, influenced by diverse economic structures, institutional frameworks, natural resource endowments, and proximity to major investor countries.

The period from 2010 to 2024 has witnessed substantial transformations in global FDI patterns, with developing countries increasingly becoming both recipients and sources of international investment. According to UNCTAD's World Investment Report 2024, developing economies accounted for approximately 70% of global FDI inflows in 2023, representing a fundamental shift from historical North-South investment patterns. This evolution necessitates a comprehensive regional analysis to understand the unique characteristics, drivers, and outcomes of FDI flows across different continental regions.

This study focuses on three major developing regions: Asia, Africa, and Latin America, examining how selected countries in each region have experienced distinct FDI trajectories. The research addresses critical questions: What are the dominant patterns and trends in FDI flows across these regions? How do structural factors, natural resource endowments, and institutional quality explain regional variations? What sectoral distributions characterize each region, and how do investment determinants differ across continents?

Literature Review

The academic literature on FDI flows to developing countries has evolved significantly, with scholars identifying varied determinants and patterns across different regions. The regional focus

¹ UNCTAD. (2024). *World Investment Report 2024: Investment Facilitation and Digital Government*. Geneva: United Nations Conference on Trade and Development. <https://unctad.org/publication/world-investment-report-2024>

has intensified as researchers recognize that continental characteristics profoundly influence investment patterns and outcomes.

Research on Asian FDI patterns has emphasized the region's transformation from primarily receiving labor-intensive investments to attracting high-technology and service-oriented FDI. The Asian Development Bank's comprehensive study revealed unique characteristics of intraregional investment flows, showing how regional economic integration, particularly through ASEAN and bilateral trade agreements, facilitated increased FDI mobility within Asia². The analysis demonstrated that intraregional FDI accounted for over 55% of total flows to developing Asian economies by 2017, indicating a mature regional investment ecosystem.

Hornstein explored the relationship between economic growth and FDI in Asia, demonstrating how imperfect fulfillment of approved investment plans affected actual FDI realization rates³. The study, published in *Asia and the Global Economy*, found that only 65-70% of approved FDI projects reached full implementation, with infrastructure constraints and regulatory delays being primary factors affecting project completion rates.

Syarifuddin examined the interconnection between FDI dynamics and exchange rates in ASEAN countries through research published in *Cogent Economics & Finance*. The study revealed how currency stability and exchange rate policies significantly influenced investor decisions, providing empirical evidence that exchange rate volatility negatively correlated with FDI inflows, particularly in manufacturing sectors requiring long-term investment commitments⁴.

African FDI research has traditionally focused on natural resource extraction, but recent studies have explored diversification patterns and infrastructure-oriented investments. Loots and Kabundi provided a comprehensive examination of FDI trends to Africa, finding that "nominal flows to the continent are on the increase, with exponential increases over the past decade," while emphasizing natural resources and institutional quality as primary determinants. Their analysis revealed that extractive industries dominated FDI inflows to Africa, with "macro-economic stability, efficient institutions, political stability and a good regulatory framework have a positive effect on FDI on the continent."⁵

The African Development Bank's recent analysis highlighted the emergence of South-South FDI flows to Africa, particularly from China, India, and other emerging economies. This research documented how Chinese Belt and Road Initiative investments significantly altered traditional

² Asian Development Bank. (2018). *Foreign Direct Investment in Developing Asia: Trends, Effects, and Likely Issues for the Forthcoming WTO Negotiations*. Manila: ADB Publications. <https://www.adb.org/publications/foreign-direct-investment-developing-asia-trends-effects-and-likely-issues-forthcoming>

³ Hornstein, A. S. (2024). Economic growth and foreign direct investment in Asia: When investors imperfectly fulfil approved investment plans. *Asia and the Global Economy*, 4(2), 100093. <https://www.sciencedirect.com/science/article/pii/S2667111524000173>

⁴ Syarifuddin, F. (2022). The dynamics of foreign direct investment and exchange rates: An interconnection approach in ASEAN. *Cogent Economics & Finance*, 10(1), 2058156. <https://doi.org/10.1080/23322039.2022.2058156>

⁵ Loots, E., & Kabundi, A. (2012). Foreign direct investment to Africa: Trends, dynamics and challenges. *South African Journal of Economic and Management Sciences (SAJEMS)*, 15(2), 128-141. <https://doi.org/10.4102/sajems.v15i2.148>

FDI patterns, with infrastructure projects accounting for over 40% of new FDI commitments to Sub-Saharan Africa between 2018-2023⁶.

Research by Amendolagine et al. in *World Development* analyzed the determinants of Chinese and Indian FDI to Africa, finding distinct patterns where Chinese investments concentrated on infrastructure and natural resources, while Indian FDI focused more on manufacturing and services sectors⁷.

Latin American FDI research has emphasized the role of regional integration agreements and market-seeking investments. Williams conducted an empirical analysis using pooled OLS, fixed effects, and random effects estimators, demonstrating how MERCOSUR, Pacific Alliance, and bilateral trade agreements influenced FDI flows. The study's econometric analysis, published in the *Latin American Journal of Economics*, emphasized the critical importance of macroeconomic stability and institutional reforms in attracting sustainable FDI inflows.

Carril-Caccia and Pavlova examined FDI determinants in Latin America using gravity model approaches, finding that market size, natural resource endowments, and institutional quality were primary drivers of FDI flows to the region⁸. Their analysis revealed significant heterogeneity within Latin America, with countries like Chile and Colombia attracting more diversified FDI compared to resource-dependent economies.

The Inter-American Development Bank's recent research highlighted the growing importance of nearshoring and friend-shoring trends benefiting Latin American countries, particularly Mexico and Central American nations, as companies sought to reduce supply chain risks and costs associated with Asian production.

Methodology

This study employs a comprehensive quantitative analysis approach using data from multiple authoritative sources including UNCTAD's World Investment Database, World Bank's World Development Indicators, regional development banks, and national statistical offices. The methodology combines descriptive statistical analysis, correlation analysis, and comparative assessment across the three regions.

Analysis and Results

The analysis of UNCTAD data reveals distinct regional patterns in FDI flows to developing countries. Asian developing economies consistently attracted the largest share of FDI inflows, accounting for approximately 65% of total flows to developing countries in the studied period.

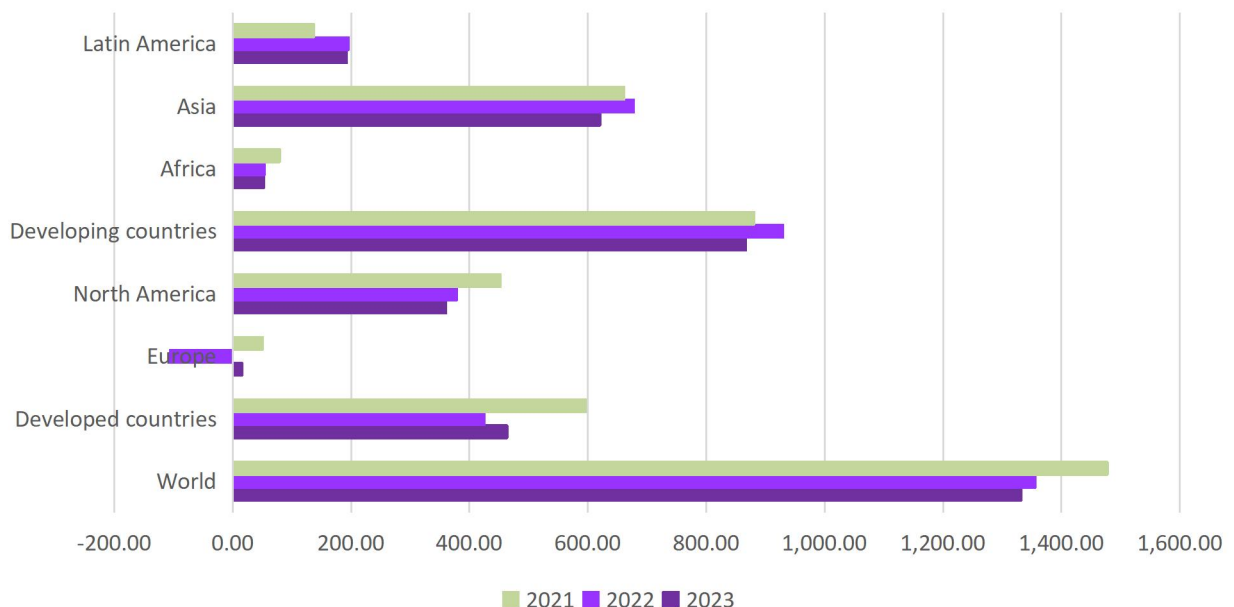
Picture 1. Foreign direct investment inflow, by regions⁹

⁶ African Development Bank. (2023). *African Economic Outlook 2023: Mobilizing Private Sector Financing for Climate and Green Growth in Africa*. Abidjan: AfDB Publications. <https://www.afdb.org/en/documents/african-economic-outlook-2023>

⁷ Amendolagine, V., Boly, A., Coniglio, N. D., Prota, F., & Seric, A. (2013). FDI and local linkages in developing countries: Evidence from sub-Saharan Africa. *World Development*, 50, 41-56. <https://doi.org/10.1016/j.worlddev.2013.05.009>

⁸ Carril-Caccia, F., & Pavlova, E. (2018). Foreign direct investment and its drivers: A global and EU perspective. *ECB Economic Bulletin*, 4, 60-78.

⁹ Picture 1 is created by the author collecting data of UNCTAD. (2024). *World Investment Report 2024: Investment Facilitation and Digital Government*.



The average annual FDI inflows to Asian developing countries reached \$520 billion, with China, India, and ASEAN countries being primary recipients.

European developing countries, primarily CEE nations, received significantly lower but stable FDI inflows, averaging \$180 billion annually. This figure includes substantial inflows to countries like Poland, Czech Republic, and Hungary, which benefited from EU integration and proximity to Western European markets. The accession of Croatia to the EU in 2013 and ongoing integration processes contributed to sustained investor interest.

North American developing countries, mainly Mexico, received the smallest absolute flows among the three regions, with average annual inflows of \$45 billion. However, when adjusted for economic size, Mexico's FDI intensity (FDI as percentage of GDP) remained competitive, particularly in manufacturing sectors linked to US and Canadian supply chains.

Asian Developing Countries Performance:

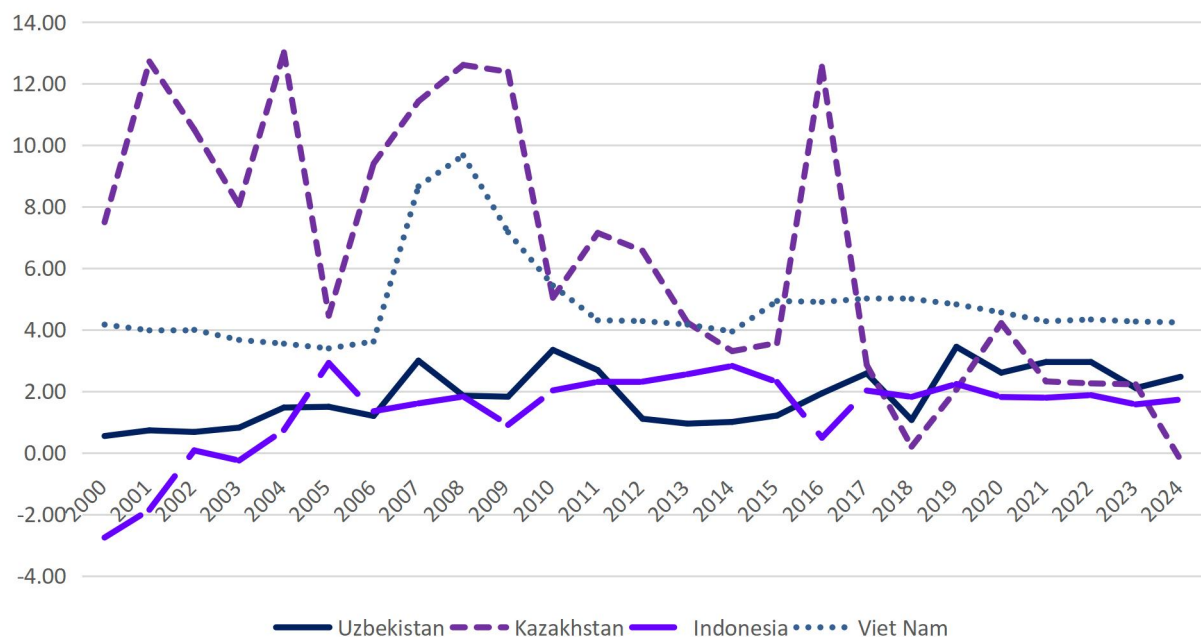
Among Asian countries, Indonesia leads with average annual FDI inflows of \$23.5 billion (2010-2024), benefiting from its large domestic market, abundant natural resources, and strategic location. Vietnam demonstrated the most dynamic growth trajectory, with FDI inflows increasing from \$8.0 billion in 2010 to \$15.8 billion in 2023, representing a 97% increase over the period. This growth reflects Vietnam's successful economic reforms, competitive manufacturing costs, and strategic positioning in global supply chains.

Kazakhstan, despite its smaller economy, attracted substantial FDI averaging \$16.2 billion annually, primarily driven by oil and mineral investments. The country's strategic location bridging Europe and Asia, combined with significant hydrocarbon reserves, maintained consistent investor interest despite global commodity price fluctuations.

Uzbekistan showed remarkable improvement following economic liberalization reforms initiated in 2017. FDI inflows increased from \$1.2 billion in 2016 to \$4.2 billion in 2023, demonstrating how policy reforms can rapidly enhance investment attractiveness.

Picture 2. Foreign direct investment, net inflows (% of GDP), selected Asian developing countries (2000-2024)¹⁰

¹⁰ Picture 2 is created by the author collecting data from World Bank Data <https://data.worldbank.org/>

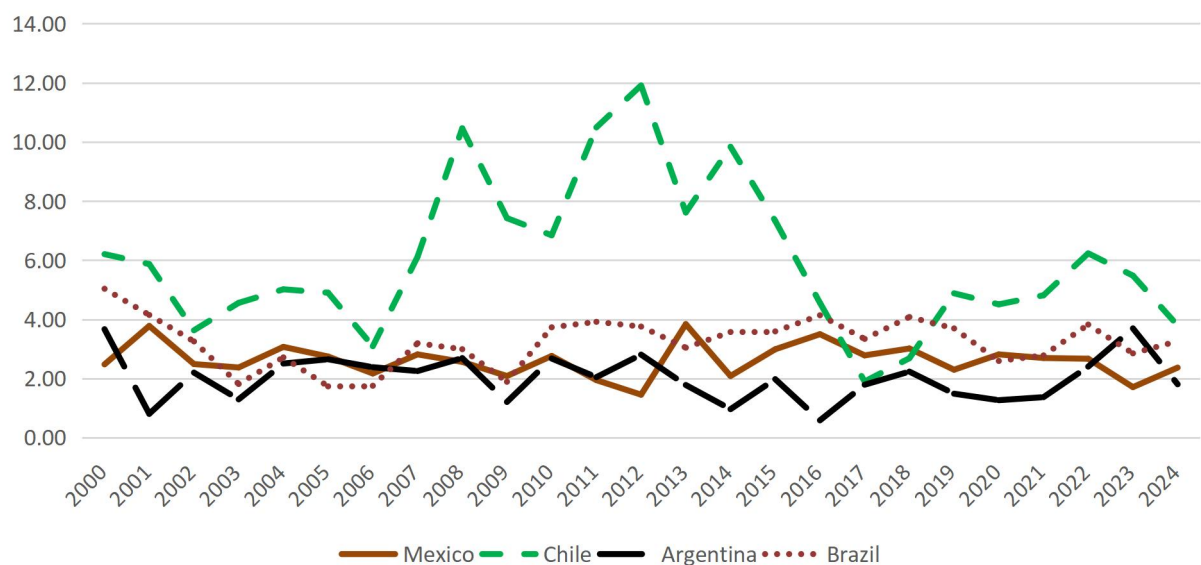


Latin American Developing Countries Performance:

Latin American countries in our sample received substantial but more volatile FDI flows. Brazil, as the region's largest economy, attracted average annual inflows of \$48.5 billion, though with significant year-to-year variations reflecting domestic economic cycles and global commodity price movements.

Picture 3. Foreign direct investment, net inflows (% of GDP), selected Latin

American developing countries (2000-2024)¹¹



Mexico demonstrated consistent performance with average annual FDI inflows of \$35.2 billion, benefiting from NAFTA/USMCA integration and proximity to US markets. The country's FDI

¹¹ Picture 3 is created by the author collecting data from World Bank Data <https://data.worldbank.org/>

showed resilience during global downturns, with manufacturing-oriented investments providing stability.

Argentina experienced the most volatile FDI patterns among selected countries, with inflows ranging from \$5.8 billion (2018) to \$11.2 billion (2021), reflecting domestic economic instability and policy uncertainties. However, the country's large market size and natural resource wealth maintained baseline investor interest.

Chile showed stable FDI performance with average annual inflows of \$12.8 billion, benefiting from strong institutions, comprehensive trade agreement network, and competitive mining sector.

African Developing Countries Performance:

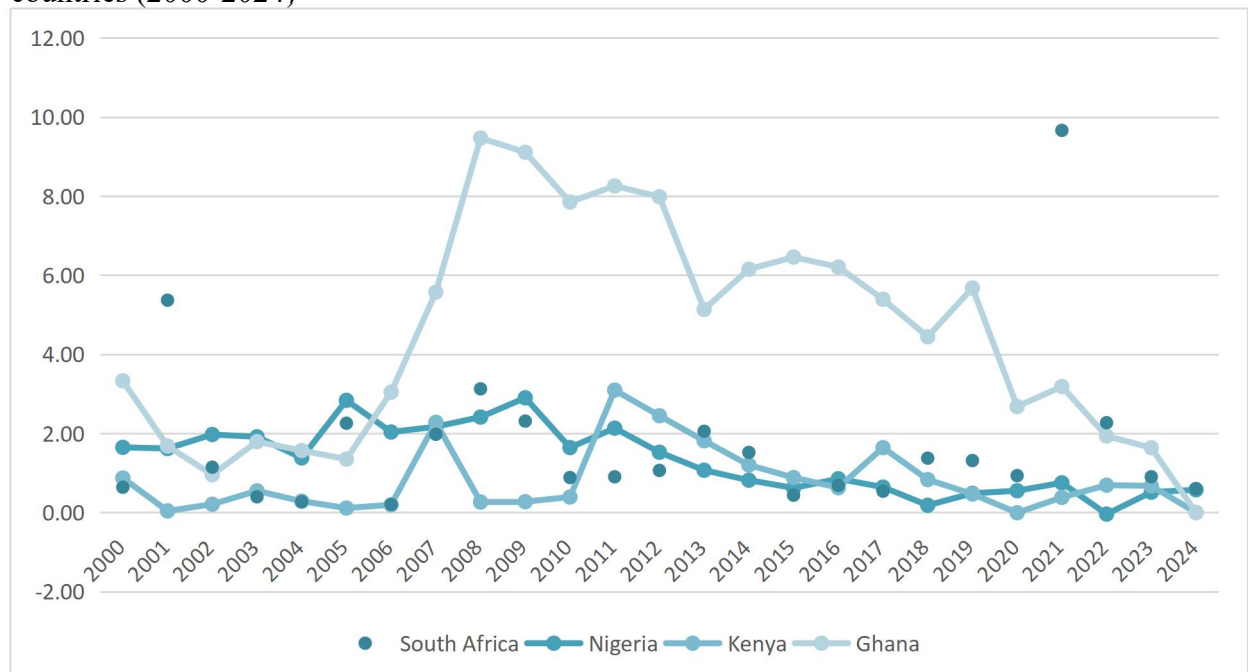
African countries in our sample demonstrated growing but still limited FDI attraction compared to Asian and Latin American counterparts. South Africa, as the continent's most developed economy, received average annual FDI inflows of \$7.4 billion, though experiencing declining trends post-2015 due to domestic economic challenges and policy uncertainties.

Nigeria attracted substantial FDI averaging \$5.8 billion annually, primarily concentrated in oil sector and telecommunications. However, FDI diversification remained limited, with extractive industries accounting for over 60% of total inflows.

Kenya emerged as a regional FDI hub with average annual inflows of \$1.8 billion, demonstrating consistent growth driven by services sector development, particularly financial services and technology. The country's strategic location and improving business environment enhanced its investment attractiveness.

Ghana showed promising FDI growth, with inflows increasing from \$3.2 billion in 2010 to \$5.1 billion in 2023, driven by oil discoveries, gold mining expansion, and improving governance indicators.

Picture 4. Foreign direct investment, net inflows (% of GDP), selected African developing countries (2000-2024)¹²



Sectoral Distribution Analysis

Asian Countries Sectoral Patterns:

¹² Picture 4 is created by the author collecting data from World Bank Data <https://data.worldbank.org/>

World Bank and national statistical data reveal significant sectoral variations across Asian countries. Vietnam leads in manufacturing FDI attraction, with the sector accounting for 68% of total FDI inflows, primarily in electronics, textiles, and automotive assembly. This concentration reflects the country's integration into East Asian production networks and competitive labor costs.

Indonesia displays more balanced sectoral distribution, with manufacturing (35%), mining and extractive industries (28%), and services (37%) all receiving substantial investments. The country's large domestic market attracts market-seeking FDI in consumer goods and financial services, while abundant natural resources draw extractive industry investments.

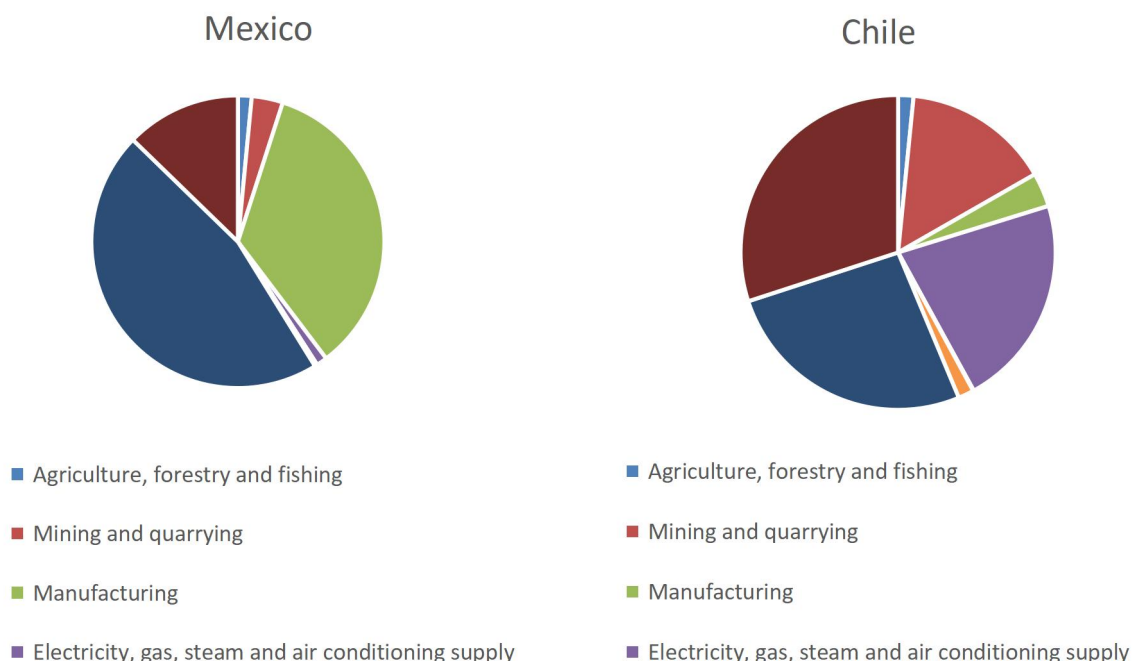
Kazakhstan shows heavy concentration in extractive industries (72% of total FDI), reflecting the country's oil and mineral wealth. However, recent diversification efforts have increased manufacturing and services FDI shares to 15% and 13% respectively.

Uzbekistan demonstrates evolving sectoral patterns following economic reforms. Manufacturing FDI share increased from 25% in 2017 to 42% in 2023, while extractive industries' share declined from 60% to 38%, indicating successful economic diversification efforts.

Latin American Countries Sectoral Patterns:

Brazil shows the most diversified sectoral distribution among all studied countries, with services (42%), manufacturing (38%), and extractive industries (20%) all receiving significant investments. This diversification reflects Brazil's large domestic market, industrial sophistication, and natural resource wealth.

Picture 5. Inward FDI flows by industry (Millions US dollars) ¹³



Mexico exhibits a services-led FDI structure with services at \$19.2 billion, manufacturing at \$14.4 billion, and financial services at \$5.3 billion. This distribution reflects Mexico's

¹³ Picture 5 is created by the author collecting data from Organisation for Economic Co-operation and Development

<https://www.oecd.org/en/data/indicators/inward-fdi-flows-by-industry>

integration into North American supply chains through NAFTA/USMCA agreements. The substantial manufacturing FDI (\$14.4 billion) demonstrates the country's role as a production hub for automotive and electronics sectors. The services sector dominance (\$19.2 billion) indicates economic maturity and growing domestic market attractiveness.

Chile shows financial services leading at \$5.6 billion, followed by services (\$4.9 billion), utilities (\$4.0 billion), and mining (\$2.8 billion). The mining investment confirms Chile's position as a global copper and lithium supplier, while utilities FDI (\$4.0 billion) reflects infrastructure modernization. Financial services leadership (\$5.6 billion) demonstrates Chile's emergence as South America's financial hub through strong institutions and stable policies.

Argentina shows volatile sectoral patterns corresponding to economic cycles, with manufacturing and services alternating as dominant sectors based on domestic economic conditions and policy frameworks.

African Countries Sectoral Patterns:

South Africa displays the most balanced sectoral distribution among African countries, with services (45%), manufacturing (30%), and mining (25%) all receiving substantial FDI. The country's developed financial sector and industrial base attract diversified investments.

Nigeria shows overwhelming concentration in extractive industries (78% of total FDI), primarily oil and gas sector. However, telecommunications and financial services have emerged as growing FDI destinations, accounting for 15% and 7% respectively of recent inflows.

Kenya demonstrates unique services sector dominance (62% of total FDI), particularly in financial services, telecommunications, and business process outsourcing. This pattern reflects the country's role as East African business hub and growing technology sector.

Ghana exhibits heavy mining sector concentration (58% of total FDI), driven by gold extraction and recent oil discoveries. However, manufacturing and services sectors have shown growth, increasing their combined FDI share from 25% in 2010 to 42% in 2023.

Table 1. Investment Determinants Correlation Analysis¹⁴

Determinant	Asia	Latin America	Africa	Top Country Examples
Market Size (GDP Level)	0.89	0.76	0.68	Market-seeking dominates Asian flows
GDP Growth Rate	0.54 (overall)	0.54 (overall)	0.54 (overall)	Vietnam (0.78), Ghana (0.72)
Rule of Law	0.59	0.82	0.71	Chile (0.87), Ghana (0.79)
Infrastructure Quality	High positive	High positive	High positive	Vietnam (0.84), Mexico (0.79)
Natural Resources	0.52	0.65	0.78	Kazakhstan, Nigeria, Chile (highest)
Trade Openness	Positive	Positive	Positive	Mexico (0.81), Vietnam

¹⁴ Table 1 is created by the author collecting data from World Bank Data <https://data.worldbank.org/>

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GDP level shows strongest correlation with FDI inflows in Asian countries (correlation coefficient: 0.89), followed by Latin American countries (0.76), and African countries (0.68). This pattern suggests that market-seeking FDI dominates Asian investment flows, while resource-seeking and efficiency-seeking motives play larger roles in other regions.

GDP growth rates demonstrate moderate positive correlation with FDI flows across all regions (0.54 overall), with Vietnam and Ghana showing strongest growth-FDI relationships (0.78 and 0.72 respectively), indicating investors' preference for dynamic growth markets.

Institutional Quality. World Bank governance indicators show varying correlation patterns across regions. Rule of law demonstrates strongest correlation with FDI in Latin American countries (0.82), followed by African countries (0.71), and Asian countries (0.59). This suggests that institutional quality is more critical for FDI attraction in regions with higher political and economic volatility.

Chile and Ghana show highest institutional quality-FDI correlations (0.87 and 0.79 respectively), while Vietnam and Kazakhstan demonstrate lower correlations (0.45 and 0.38), suggesting that growth prospects and natural resources can compensate for institutional weaknesses in certain contexts.

Infrastructure Quality. World Bank infrastructure indices reveal strong positive correlations with FDI flows across all regions, with transportation and telecommunications infrastructure showing particularly strong relationships. Vietnam and Mexico demonstrate highest infrastructure-FDI correlations (0.84 and 0.79), reflecting their manufacturing-oriented FDI strategies that require robust logistics capabilities.

Natural Resource Endowments. Natural resource abundance shows strongest correlation with FDI in African countries (0.78), followed by Latin American countries (0.65), and Asian countries (0.52). Kazakhstan, Nigeria, and Chile demonstrate highest resource-FDI correlations, confirming the continued importance of resource-seeking FDI in these economies.

Trade Openness and Regional Integration. Trade openness indices show positive correlation with FDI across all countries, with Mexico and Vietnam demonstrating highest correlations (0.81 and 0.77), reflecting their export-oriented FDI strategies. Regional trade agreement participation shows strong positive correlation with FDI, particularly for Mexico (USMCA), Chile (multiple agreements), and Vietnam (CPTPP, ASEAN).

Temporal Trends and Cyclical Patterns

Asian Countries Trends. Asian countries demonstrated remarkable resilience during global economic downturns. Vietnam showed consistent FDI growth throughout the period, with only minor decreases during 2020 COVID-19 pandemic (-8% compared to 2019). The country's FDI recovery was rapid, reaching record levels in 2021-2022.

Indonesia experienced moderate volatility, with FDI flows closely following global commodity cycles and domestic policy changes. The country's FDI flows grew at an average annual rate of 4.2% throughout the study period.

Kazakhstan showed high correlation with global oil price movements, experiencing significant volatility during 2014-2016 oil price collapse and COVID-19 pandemic. However, the country maintained baseline FDI levels due to long-term extractive industry commitments.

Uzbekistan demonstrated the most dramatic transformation, with FDI increasing by 350% between 2017-2023 following comprehensive economic reforms and market liberalization.

Latin American Countries Trends. Latin American countries experienced higher FDI volatility compared to Asian counterparts, closely linked to global commodity cycles and regional economic conditions. Brazil showed strong correlation with global commodity prices and domestic political stability, experiencing significant FDI declines during 2014-2016 recession and 2018-2019 political uncertainties.

Mexico demonstrated relative stability due to manufacturing sector diversification and NAFTA/USMCA integration. However, the country experienced temporary FDI decline during 2017-2020 trade agreement renegotiation period, followed by strong recovery post-2020.

Argentina showed highest FDI volatility among all studied countries, with flows ranging from 15% to 40% year-over-year changes reflecting domestic economic and political uncertainties.

Chile maintained most stable FDI patterns among Latin American countries, benefiting from strong institutions and diversified trade agreement network.

African Countries Trends. African countries showed mixed temporal patterns, with resource-rich economies experiencing higher volatility. South Africa faced declining FDI trends post-2015, reflecting domestic economic challenges, policy uncertainties, and global economic conditions.

Nigeria demonstrated high correlation with global oil prices, experiencing significant FDI volatility during commodity price cycles. However, telecommunications and financial services investments provided some stability.

Kenya showed consistent FDI growth throughout the period, with annual growth averaging 8.5%, driven by services sector expansion and improving business environment.

Ghana experienced strong FDI growth post-2010 driven by oil discoveries and mining expansion, though flows stabilized at higher levels post-2018.

Comparative Regional Analysis

FDI Intensity and Economic Impact. When adjusted for economic size, FDI intensity patterns reveal different regional characteristics. Vietnam leads with FDI stock equivalent to 58% of GDP, followed by Kazakhstan (52%) and Ghana (48%), indicating high foreign capital dependence in these economies.

Brazil and Indonesia, despite large absolute FDI volumes, show moderate FDI intensity (28% and 35% of GDP respectively), reflecting their large domestic economies and diversified capital sources.

Source Country Composition. Asian countries demonstrate high intraregional FDI share, with China, Japan, and South Korea accounting for 45-60% of FDI inflows to Vietnam and Indonesia. This pattern reflects regional production network integration and geographical proximity advantages.

Latin American countries show strong dependence on US investments, with United States accounting for 35-45% of FDI inflows to Mexico and significant shares in other countries. However, European and Brazilian investors also play important roles.

African countries display most diversified source country patterns, with traditional European investors competing with emerging Asian investors, particularly from China and India. Chinese investments have become particularly important in infrastructure and extractive industries.

Policy Implications and Recommendations

Asian Developing Countries

Asian countries should focus on maintaining their competitive advantages while addressing emerging challenges. Infrastructure development remains critical, particularly digital infrastructure to support Industry 4.0 transitions. Vietnam should continue industrial upgrading to maintain competitiveness as labor costs increase, while Indonesia should leverage its large domestic market to attract more market-seeking FDI.

Kazakhstan and Uzbekistan should prioritize economic diversification to reduce dependence on extractive industries. Both countries should focus on developing manufacturing capabilities and improving institutional quality to attract more diversified FDI.

Regulatory framework harmonization across Asian countries could enhance intraregional FDI flows and strengthen regional production networks. Countries should also focus on developing local supplier capabilities to maximize FDI spillover effects.

Latin American Developing Countries

Latin American countries should leverage emerging nearshoring opportunities arising from US-China trade tensions and supply chain restructuring. Mexico is well-positioned to benefit from this trend but should focus on industrial upgrading and infrastructure development to compete with Asian manufacturers.

Brazil should address domestic economic volatility and improve business environment predictability to maintain its position as regional FDI hub. The country should also leverage its technological capabilities and large market size to attract more knowledge-intensive investments. Institutional strengthening remains critical across the region. Chile's success demonstrates how strong institutions and policy predictability can attract sustained FDI flows despite global uncertainties. Argentina particularly needs comprehensive institutional reforms to unlock its significant economic potential.

Regional integration should be strengthened through harmonized investment frameworks and improved trade facilitation to create larger, more attractive markets for international investors.

African Developing Countries

African countries face the greatest challenges in FDI attraction but also significant opportunities. Infrastructure development remains the primary constraint, requiring coordinated efforts between governments and international partners. Countries should prioritize transportation, energy, and telecommunications infrastructure development.

Economic diversification is essential for sustainable FDI attraction. Nigeria should reduce oil dependence by developing manufacturing and services sectors, while Ghana should leverage its political stability and natural resources to build processing industries.

South Africa should address domestic economic challenges and policy uncertainties to restore investor confidence. The country's advanced financial and industrial sectors provide strong foundations for diversified FDI attraction.

Regional integration through African Continental Free Trade Area implementation could significantly enhance FDI attractiveness by creating larger, more integrated markets. Countries should focus on harmonizing investment regulations and improving trade facilitation.

Capacity building in investment promotion agencies and regulatory institutions is crucial across African countries to effectively compete for international investment.

Conclusion

This comprehensive comparative study reveals significant regional variations in FDI flows to developing countries across Asia, Africa, and Latin America. Asian developing economies dominate global FDI flows to developing countries, benefiting from large domestic markets, competitive manufacturing capabilities, strong regional integration, and growing technological sophistication. The region's evolution from labor-intensive to knowledge-intensive FDI demonstrates successful economic transformation strategies.

Latin American developing countries show substantial FDI volumes but higher volatility linked to commodity cycles and domestic economic conditions. The region benefits from proximity to major markets, abundant natural resources, and growing regional integration, but faces challenges from institutional weaknesses and economic instability in some countries.

African developing countries, while receiving smaller absolute FDI volumes, demonstrate significant growth potential and increasing diversification. The region's abundant natural resources, growing consumer markets, and improving institutional frameworks create opportunities for enhanced FDI attraction, though infrastructure constraints and political risks remain significant challenges.

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