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Ideas. Innovation. Impact.
Idées. Innovation. Impact.

Practitioners' Perspective: Impact of FDI, Digital Governance, and External Shocks on Supply Chain Resilience and Sustainability

Dr. Edgard R. Rodriguez, International Development Research Centre (IDRC), 2026
Asian Think Tank Network, October 7, 2026

Canada

Responding to priorities by…









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FDI is not just capital — it is a capability transfer

$1.6T global FDI in 2025 (+6%)

>80% of global FDI went to top 20 hosts

$225B ASEAN FDI in 2024; +10% year-on-year

THE POSITIVE CHANNEL

FDI → **Capabilities** → **Domestic linkages** → **Services & GVCs** → **Resilience** productivity shock absorption

But FDI can also create fragility

- enclave investment with weak domestic spillovers
- dependence on a few markets, suppliers or digital platforms
- regulatory arbitrage and illicit activity when oversight is weak

Policy (& Research) implication

"Attracting FDI" must evolve into "building investment-ready capabilities."

Sources: UNCTAD, World Investment Report 2026 (7 Jul 2026); UNCTAD/ASEAN Investment Report 2025.

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Digital governance is the missing investment infrastructure

RECEIVING ECONOMY

Digital governance for the host

The capacity to govern digital investment and digital markets so that foreign capital creates public value without creating unmanaged risks.

Data & privacy • cybersecurity • digital ID payments • competition • consumer & labour protection

Transnational

SENDING / HOME ECONOMY

Digital governance for outward FDI

The capacity to ensure firms investing abroad manage digital, cyber, data, labour and integrity risks—and remain accountable across borders.

Responsible business conduct • due diligence parent-company accountability • cross-border cooperation

SCAM CENTRES ARE A STRESS TEST — NOT THE WHOLE STORY

They expose failures across digital identity, payments, cyber enforcement, labour protection, SEZ governance, beneficial ownership and cross-border cooperation.

The deeper economic cost is erosion of trust in cross-border digital services and transactions.

Development institutions should treat digital governance as part of FDI policy, trade-in-services policy and economic-security policy.

Sources: ASEAN Digital Frameworks / DEFA materials; UNODC, Organized Crime and the Convergence of Cyber-Enabled Fraud… (2024); UNCTAD, WIR 2025.

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From vulnerability to resilience: make capacity-building measurable

THE VULNERABILITY CHAIN

External shock

↓

Fragile capacity

↓

FDI & trade loss

↓

Slower resilience

WHAT TO FUND

- regulatory and institutional capacity—not only hardware
- digital public infrastructure, interoperability and trusted data
- cybersecurity, digital identity, payments
- investment facilitation + responsible-investment screening
- cross-border enforcement and cooperation
- skills, local suppliers and firm-level digital adoption

WHAT RESEARCH SHOULD ANSWER

- Which governance reforms actually increase FDI quality—not just volume?
- What sequencing works when state capacity is very low?
- Which digital investments create local spillovers and resilient services?
- How much do trusted data, payments and cyber systems lower investor risk?
- Which interventions are cost-effective in fragile settings?

Core proposition: scarce asset NOT only capital—it is the institutional capacity to convert capital into secure, sustainable, shock-resilient development.