ABSTRACT

Globalization has created investment opportunities for enterprises around the world. Attracting foreign investment into developing regions has been a key challenge in the strategies for economic growth and poverty reduction of developing countries. Overall, the results of foreign investment have been disappointing in some countries. Recent studies confirm that factors such as corruption, political instability, armed conflict, and other non-commercial risks have negatively impacted foreign direct investment inflows.

However, there is renewed hope among government personnel that private investment can play an increasingly significant role in helping economic` growth. As host governments, international corporations, investment banks and multilateral insurance agencies learn from the mistakes of the past and commit themselves to improve the environment for business for mining industry, the prospect for the future brightens. Moreover, foreign investors are recognizing that if the host government can create a competitive environment, investments in developing countries have the potential to be highly profitable.

It is hoped that this research effort will contribute in some way to better understand the inability of some countries to attract FDI. The current situation in developing countries is of particular relevance to the theme of this research project. The study compares non-commercial risk ratings for foreign direct investment inflows compiled for ten selected countries. The matrix provides a comparative assessment of non-commercial risk ratings, and highlights the importance of country risk and event risk as components of a composite risk rating.