



**United Nations
Conference
on Trade and
Development**

Distr.
GENERAL

TD/B/COM.2/74
2 February 2007

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Commission on Investment, Technology and
Related Financial Issues
Eleventh session
Geneva, 8–14 March 2007
Item 7 of the provisional agenda

**PROGRESS REPORT ON THE IMPLEMENTATION OF
RECOMMENDATIONS FOR THE UNCTAD
SECRETARIAT***

Executive summary

This report provides information on the implementation of recommendations adopted by the Commission at its tenth session. In particular, it focuses on UNCTAD's work on policies and measures that can help developing countries attract and benefit more from foreign direct investment and build their productive capacities and international competitiveness. This includes in-depth analysis, consensus-building, and the provision of technical assistance and capacity-building. The work is carried out, inter alia, in close cooperation and through joint programmes with other international, regional and national institutions active in the field of investment and technology. More information on UNCTAD's activities in the area of investment, technology and enterprise development can be found in the *DITE Activities Report 2006*, submitted at the Commission's eleventh session.

* This document was submitted on the above-mentioned date as a result of processing delays.

INTRODUCTION

The Commission commends the secretariat's implementation of the recommendations of the ninth session and welcomes the information provided in the DITE Activities Report 2005, which it would like to see continued as a regular feature.

1. In accordance with this decision, the secretariat has prepared this note as an input to the discussions at the Commission's eleventh session. The note provides information on the implementation of the recommendations adopted by the Commission at its tenth session (TD/B/COM.2/71). In particular, it focuses on UNCTAD's work on policies and measures that can help developing countries attract and benefit more from foreign direct investment (FDI). The secretariat's implementation of the recommendations of the tenth session is comprehensively documented in the *DITE Activities Report 2006*.

The Commission notes and encourages the efforts made by the secretariat in ensuring cooperation with other international organizations to carry out its work and in complementing UNCTAD's comparative advantage with that of other development actors and institutions through partnerships.

2. The secretariat continued to implement activities with a number of organizations, including the World Bank Group (MIGA, ICSID), the Organisation for Economic Co-operation and Development (OECD), the International Trade Centre (ITC), the United Nations Commission on International Trade Law (UNCITRAL), the International Chamber of Commerce (ICC), the Japan Bank for International Cooperation (JBIC), the Commonwealth Secretariat, the International Development Law Organization (IDLO) and the China Africa Business Council. Activities were also carried out in close cooperation with NGOs, including the World Association for Investment Promotion Agencies (WAIPA), the Consumer Unity and Trust Society (CUTS), the International Institute for Sustainable Development (IISD), the International Centre for Trade and Sustainable Development (ICTSD), the Centre for Applied Studies in International Negotiations (CASIN), the Small Economy Trade and Investment Center (SETIC), national institutions (Ethos, Fundação dom Cabral, Friedrich Ebert Foundation) and universities in developed and developing countries.

3. UNCTAD also increased its cooperation with various regional organizations such as the Asia-Pacific Economic Cooperation (APEC), the Association of Southeast Asian Nations (ASEAN), the Common Market for Eastern and Southern Africa (COMESA) and the Organization of American States (OAS).

4. Since the tenth session of the Commission, the Secretariat has launched several activities in the context of these partnerships. These have included the *Silk Road Initiative* - a partnership between UNDP, UNCTAD and UNWTO, which aims to enhance regional cooperation and integration among Central Asian countries in trade, investment and tourism. The cooperation with WAIPA allowed for a new project on capacity-building and the transfer of knowledge to investment promotion agencies in developing countries, to be launched with the generous contribution of the Swedish International Development Agency (SIDA). The most recent Investment Advisory Council (IAC) meeting held in New York on the 18th of September, during the Midterm Comprehensive Review of the Programme of Action for Least Developed Countries for the Decade 2001-2010, was the occasion to announce the expansion of the partnership in the area of business linkages between UNCTAD's linkages programme and the BASF Group to promote business linkages in Portuguese-speaking countries. The meeting also announced the expansion of the partnership with JBIC to finance

Blue Books in Africa. In addition, UNCTAD partnered with EXIM Bank India and the China Africa Business Council to bring a number of investors to Nairobi in order to explore investment opportunities there. On 6 October 2006, the Commonwealth Business Council and UNCTAD signed a memorandum of understanding to cooperate on trade and investment issues for the benefit of developing countries.

5. In the area of intellectual property (IP) and technology transfer issues (TOT-IP programme), the secretariat is working with the Commonwealth Secretariat, the World Health Organization (WHO) and the World Bank Institute on a project to develop the capacity of selected developing countries to improve the productive and supply capacities for essential medicines. In the area of science and technology, the project "Connect Africa" developed in partnership with Geneva's Centre des Technologies de l'Information has now been completed in Lesotho, and activities have moved on to Mali for the specially adapted, hands-on training of ICT engineers and technicians. Schools districts were connected to the internet and hundreds of computers provided. Under the network of Centres of Excellence set up last year by UNCTAD with generous funding from the Government of Italy, several scientists from Nigeria, Sudan, Mali and Tanzania were trained at the University of Cape Town's Institute for Infectious Disease Research and Vaccine Development. Other sessions are being organized in collaboration with the Trieste system of scientific institutions, most notably the International Centre for Genetic Engineering and Biotechnology (ICGEB). Finally, UNCTAD and the International Federation of Accountants (IFAC) hosted an Africa region learning workshop on the "Role of the Accounting Profession in Economic Development".

6. In the area of international investment agreements, the secretariat is working closely in particular with the APEC secretariat. Research work on investment disputes was jointly conducted and resulted in two major studies and a database; UNCTAD participated in several APEC meetings; and a seminar was jointly organized in cooperation with the Secretaria de Economia of Mexico.

7. UNCTAD has completed its current programmed joint activities with the International Centre for Trade and Sustainable Development (ICTSD) on development aspects of intellectual property issues being discussed in international forums. In 2006, this partnership generated 12 publications, four issues of the continued publication of the intellectual property newsletter *Bridges*, and the convening of six dialogues on development aspects of intellectual property. Negotiations have commenced for a new phase of activities and financing under this long-standing partnership.

I. POLICY ISSUES RELATED TO INVESTMENT AND DEVELOPMENT

Recommendation: *As a focal point in the United Nations system for investment, trade and development, UNCTAD should continue to further understanding on FDI and development as part of its research and analysis on productive, beneficial and effective FDI.*

8. Pursuant to this recommendation, the Secretariat continued its in-depth analysis of the impact of FDI in development with a view to helping developing countries attract and benefit from productive, beneficial and effective FDI. Many of the major findings of this analysis were published in the *World Investment Report 2006*, which focused on the rise of FDI by transnational corporations (TNCs) from developing and transition economies. The Report shows in particular that for low-income countries, FDI from developing countries can

account for a significant share of all FDI flows. It discusses the development implications of these new sources of FDI, along with policy responses, for both home and host developing countries. This theme was also explored in an investment brief: "*New sources of FDI attracting attention from IPAs*".

Recommendation: *UNCTAD should continue its statistical and analytical work on trends, development impact on developing countries and countries with economies in transition, and policy options, including OFDI from developing countries, internationalization of SMEs and FDI in natural resources. In this area of work, particular consideration should be given to the needs of LDCs.*

9. The newly launched series on "Issues in FDI and Development" aims at identifying and analysing the implications for development of issues relevant to investment, as well as identifying ways and means to maximize the potential benefits of foreign direct investment directed to all developing countries, along with countries in transition with similar needs. The Secretariat published the second study in its series of two studies on "Measuring restrictions in services in developing countries and transition economies".

10. In the context of a steep increase in natural resource-related FDI, and as mandated by the 10th Commission, the secretariat prepared an issue note on "Transnational corporations, extractive industries and development: implications for policies". It was discussed at the expert meeting on FDI in Natural Resources (20-22 November 2006), as will be reported in this Commission. The meeting identified key issues associated with TNCs in extractive industries and examined potential economic, social and environmental impacts of foreign investment on the host economy. It discussed various policy options aimed at ensuring development gains from FDI in natural resources.

11. The secretariat continued to pay specific attention to the needs of LDCs. The 2006 issue of "*FDI in LDCs at a glance*" was officially launched on 18 September 2006 in New York, as a contribution to the high-level meeting on the Midterm Comprehensive Global Review of the Implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010. In addition to the regular data on inward FDI flows and stocks, cross-border mergers and acquisitions and the larger foreign affiliates and their operations in host least developed economies, this edition covers for the first time data on greenfield FDI projects. It also provides information on investment promotion agencies (IPAs) and on developments in the international legal framework, as well as on bilateral and institutional agreements.

12. In addition to devoting the *World Investment Report 2006* to the theme of outward FDI from developing countries and countries with economies in transition, the secretariat has also prepared a publication entitled *Global Players from Emerging Markets: Strengthening Enterprise Competitiveness through Outward Investment*. This publication contains proceedings and country case studies conducted by UNCTAD for the Expert Meeting on Enhancing the Productive Capacity of Developing Country Firms through Internationalization, Geneva, 5 to 7 December 2005. Some of the cases were used as inputs in the preparation of the *World Investment Report 2006: FDI from developing and transition economies: implications for development*, and *ECLAC 2005: Foreign investment in Latin America and the Caribbean*. On 16 November 2006, UNCTAD jointly organized a seminar with the Malaysian Industrial Development Authority on Cross-Border Investment and participated in a number of other meetings in the ASEAN region to discuss OFDI from developing countries, including enterprise regionalization.

Recommendation: *The Commission notes with appreciation the analysis and information provided in the World Investment Report and requests that the findings of the report be widely disseminated as a contribution to policy formulation and capacity-building in developing countries, including through policy briefs and regional seminars, inter alia in cooperation with regional organizations, involving policymakers and other stakeholders. In this regard, it asked the secretariat to enhance its research work on FDI, from the angle of productivity, on how it could contribute to the enhancement of the economy and to long-term development by alleviating resource constraints, and helping to avoid further indebtedness, create jobs, acquire new technologies, build linkages with the rest of the economy, crowd in domestic investment, stimulate new export opportunities and reduce poverty.*

13. The *World Investment Report (WIR)* was launched in 74 countries, including 38 developing countries and generated over a thousand press releases as of mid-November 2006. In order to increase the dissemination and outreach efficiency of the Report, regionally based seminars/workshops for high-level policymakers in developing countries were organized, aiming at facilitating the understanding of the *WIR* and at increasing its usefulness for policymakers. These included the organization of regional workshops and brainstorming on the *WIR06* (in Latin America: in Mexico, 8-9 April 2006, in Africa: in South Africa, 24-25 April 2006, and in Asia: in Thailand, 11 April 2006). UNCTAD has also participated in a number of conferences and seminars organized by national institutions, regional organizations and academic associations, in order to disseminate the findings of the report. These include the meeting of the ASEAN Banker's Association (ABA) in Singapore and the Investment Forum at the APEC Summit in Vietnam, both in November 2006; and the annual conference of the European International Business Association (EIBA) in Fribourg in December 2006. A flyer on *WIR 2006* and an investment brief on "Developing countries are beginning to promote outward FDI" were also prepared to ensure dissemination of the findings to a wider audience.

14. Building on research presented in the *World Investment Report 2004: The Shift towards Services* and in response to the requests of this Commission at its previous sessions, the secretariat is preparing a study on "FDI in Tourism". As part of a larger project on "FDI in Tourism, the development dimension", in April and August 2006 the secretariat ran workshops for East and Southern African countries with generous support from IDRC (International Development Research Centre, Canada). The aim was to bring together country researchers from these countries to conduct original research on trends and impacts in FDI in tourism, linkages with the domestic economy and issues with respect to regional integration. This initiative thus contributes to the creation and maintenance of an active network of researchers in the region.

15. In order to enhance its research work on FDI from the angle of productivity, the secretariat organized an Expert Meeting on Building Productive Capacity (4-6 September 2006). The experts discussed the need for development and effective utilization of productive capacities to be placed at the heart of national and international policies to promote sustained economic growth, wealth creation and poverty reduction in developing countries. Key support policy measures in the area of investment and enterprise development to address constraints faced by developing countries and particularly the least developed countries were identified.

16. Experts recommended that the Aid for Trade initiative seek to integrate investment as an important component, embrace policies to promote technology transfer and enterprise development, and consolidate productive chains. Experts stressed the need for policymakers in developing countries to pay more attention to the SME sector and to strengthen entrepreneurship.

17. An Expert Meeting on Best Practices and Policy Options in the Promotion of SME-TNC Business Linkages was held in Geneva on 6-8 November 2006. The issues note prepared for the Expert Meeting was based on UNCTAD's research work, case studies and feedback from technical assistance projects in this area contained in the document TD/B/COM.3/EM.28/2. The report of the Expert Meeting is contained in document (TD/B/COM.3/EM.28/3). The discussions of the experts focused on the role of Governments, key drivers, success factors, best practices, policy options and support measures for operational business linkage programmes to strengthen the productive capacities of developing countries and to facilitate the growth of their domestic enterprises.

Recommendation: *The Commission takes note of paragraphs 88 and 89 of the Doha Plan of Action, which request UNCTAD, the Chairman of the Group of 77 and China, and the Special Unit for South-South Cooperation to organize periodically a forum on investment among the countries of the South.*

18. In order to prepare for the organization of a forthcoming forum on investment among the countries of the South, the secretariat contributed in various meetings such as the second WAIPA Regional Investment Conference held in Sharm-El-Sheikh, Egypt (17-18 November 2006) on the theme of "IPA capacity-building and investment promotion strategy in Africa and the Middle East". In March 2006, the secretariat organized an investment forum for Indian IT and Chinese SME investors scoping opportunities in Kenya, from which concrete investments have ensued. In June 2006, the secretariat also helped organize the first Silk Road Investment Forum, at which governments and business leaders from China and Central Asia came together in order to facilitate regional cooperation and explore investment opportunities in the region. In December 2006, UNCTAD held in Nanning (China), in cooperation with and with the financial support of the Ministry of Commerce of China (MOFCOM), a Seminar on Mobility of Business People in the Greater Mekong Sub-region (GMS), which was attended by representatives of Cambodia, China, the Lao People's Democratic Republic, Myanmar, Thailand and Viet Nam. With input from representatives of the UNCTAD secretariat, participants worked out proposals on establishing a cooperation mechanism on business mobility among GMS Governments.

19. In cooperation with the Commonwealth Business Council and the Department of Trade and Industry, Republic of South Africa, UNCTAD is co-hosting the China-India-Brazil-Africa (CIBA) Business Forum 2007 (26-27 March 2007). The forum will focus on trade and investment opportunities in China, Brazil, India and Africa, and will bring together high-level corporate and Government representatives from across the four regions, as well as international organizations and experts.

Recommendation: *Mindful of the need for capacity-building in developing countries in the area of FDI statistics, the Commission requests the UNCTAD secretariat, in cooperation with other relevant organizations and with the support of development partners, to intensify technical cooperation in this field, including assisting developing countries in strengthening regional cooperation among relevant institutions, organizing meetings on FDI statistics and policy formulation on a regular basis and assessing FDI*

impact on development; and to consider ways and means, including capacity-building, of facilitating the transmission of data on FDI and on activities of TNCs to the secretariat.

20. In response to this recommendation, the secretariat intensified its efforts to assist developing countries in strengthening their capacities in the area of FDI statistics. Regional workshops were organized to that effect, such as the Workshop on understanding and analysing FDI statistics held for West Asia in Bahrain (1–5 May 2006) to which representatives from Bahrain, Oman and Saudi Arabia participated. Such events helped to update the skills and understanding of participants on the methodology of FDI data collection, FDI analysis and FDI policies. At the national level, a training session on international standards in FDI data collection was organized for the Maldives.

21. During the reporting period, the secretariat also responded to this request by preparing a revised version of the *UNCTAD Manual of Statistics on FDI*. The manual will address many of the challenges facing developing countries in collecting FDI data, thereby enabling countries to formulate effective policies to attract and benefit from FDI. The secretariat also prepared an investment brief entitled "Better data needed to assess FDI impact", to sensitize the international community as well as policymakers at the national level to the importance of this issue.

22. UNCTAD also continued to assist member States in assessing their own FDI performance by producing and disseminating data on FDI and the activities of TNCs, especially by maintaining its dedicated FDI statistics website (www.unctad.org/fdistatistics) with profiles for 112 countries, fact sheets for 187 and 'FDI in Brief' datasheets for 80.

23. UNCTAD further developed its cooperation with other institutions working in this area, participating in various working groups on statistics. In particular, the Working Group on FDI Statistics (WGFDIS) in ASEAN reaffirmed this recommendation of the tenth session of the Commission on Investment, Technology and Related Financial Issues, including it in its 2006 report submitted to the economy ministers of the ASEAN 10 countries. The work of the Expert Meeting on FDI statistics and policy formulation, as well as the recommendations of the meeting, was also reported to the International Monetary Fund at the meeting of the IMF's Balance of Payments Committee, held in Frankfurt in October 2006.

Recommendation: *The Commission took note of the report of the Expert Meeting on Positive Corporate Contributions to the Economic and Social Development of Host Developing Countries. It agrees that UNCTAD should provide a forum for constructive dialogue between Governments, business and other development stakeholders to develop a common understanding of the role of corporate actors in stimulating the economic development of host countries and the competitiveness of local enterprises, and to establish a common vision on how such a role can be enhanced. UNCTAD should also take stock of best corporate practices and national (host and home country) policy measures, assess their effectiveness and impact, and provide assistance to countries in addressing issues related to the link between corporate contributions and development needs.*

24. In response to this recommendation, the secretariat is endeavouring to take stock of corporate practices contributing to economic and social development through a questionnaire, research activities and cooperation with other relevant partners. This stocktaking exercise will result in a database of best practices, the creation of a website on corporate contributions to development and studies on corporate practices and national policy measures. Planning is also advanced to organize an ad hoc stakeholder meeting in cooperation with civil society and

to issue a number of industry case studies on best practices in corporate development contributions.

Recommendation: *The Commission invites UNCTAD, especially in collaboration with the subprogramme on Africa, to explore possibilities to support NEPAD initiatives in the area of investment policy.*

25. DITE continued to interact with the NEPAD secretariat on areas for cooperation, particularly with respect to investment promotion, peer reviews, and science and technology. The Investment Policy Review process, which is participatory and enhances the policy dialogue among stakeholders at both the national and the intergovernmental levels, fits into NEPAD's mechanisms. The Chief Executive of the African Business Round Table, Mr. Kwasi Abeasi, participated in the Expert Meeting on Building Productive Capacities held in Geneva on 4 to 6 September. Founded in 1990 by the African Development Bank, the African Business Round Table (ABR) is a catalyst for private sector development, bringing together African heads of companies and enterprises of international calibre who are active in various business sectors and industries. ABR was selected by African Heads of State to oversee and manage the NEPAD Business Group. ABR has agreed to strengthen its cooperation with UNCTAD in improving the supply capacities of the developing countries to ensure that they benefit from the open, global economy by producing and trading competitive goods and services. ABR pointed out that the new Aid for Trade Initiative should address supply-side capacity constraints that are economy-related and provide solutions to other impediments faced by enterprises such as high production costs, inadequate product quality, and slow and unpredictable deliveries. ABR also identified the strengthening of public-private partnership as an important area for business linkage development. The Executive Head of the NEPAD secretariat, Mr. Firmino Mucavele, attended the Investment Advisory Council Meeting held on 18 September 2006 in New York, at which DITE and the NEPAD secretariat also reviewed future areas for cooperation.

II. ISSUES RELATED TO INVESTMENT ARRANGEMENTS

Recommendation: *The Commission, in recognition of the further proliferation of international investment agreements and the resultant complexity for developing and transition countries of investment policymaking and implementation at various levels, agrees that UNCTAD should serve as the key focal point in the United Nations system for dealing with matters related to international investment agreements, and continue to provide the forum to advance understanding of issues related to international investment agreements and their development dimension, including with reference to investor-State dispute resolution, involving all relevant stakeholders. In this area of work, particular consideration should be given to the needs of LDCs.*

26. As the focal point in the United Nations system on international investment rule-making, the secretariat intensified its research and policy analysis work to monitor trends, identify emerging issues and analyse them from a development perspective. Three new booklets of the series on International Investment Policies for Development were published: *Investor-State Disputes arising from Investment Treaties: A Review*, *International Investment Arrangements: Trends and Emerging Issues* and *Preserving Flexibility in IIAs: The Use of Reservations*. These were complemented by a complete study on "Investment Provisions in Economic Integration Agreements" and an in-depth review and analysis on "Bilateral Investment Treaties 1995-2005: Trends in Investment Rule-making" (forthcoming). This

year, the four IIA monitors addressed the following issues: systemic issues in IIAs, IIA development in 2005, the entry into force of bilateral investment treaties (BITs), and investor-State dispute settlement. On this latter topic, the secretariat further undertook, in cooperation with APEC, two studies (*Investor-State Dispute Settlement and Impact on Investment Rulemaking: The Asia-Pacific Perspective* and *Alternative Methods to Treaty-based, Investor-State Dispute Resolution*) and launched an online database on treaty-based cases containing information on each known case, but also on procedural and substantive issues. In terms of e-tools, the BIT database (2,000 texts available), the country lists of BITs and the Compendium were updated and the e-Network of IIA Experts (600 Members) continued to disseminate information and to discuss a number of key issues of concerns to the IIA community.

Recommendation: *The Commission urged UNCTAD to intensify capacity-building efforts in developing countries with a view to maximizing the contribution of IIAs to development. The Commission welcomes the in-depth impact evaluation of the work programme on IIAs and notes with appreciation the encouraging findings with regard to its effectiveness and impact. It calls for intensified efforts and support to technical assistance and capacity-building, bearing in mind the recommendations of the evaluation report.*

27. UNCTAD continued its capacity-building efforts in the area of IIAs for development. Several technical assistance activities were organized, mainly in the form of training activities, advisory services and technical meetings for Government officials. The second advanced training course on managing investment disputes for Latin America and the Caribbean was held in Mexico. It was preceded by a preparatory distance-learning course on key issues in IIAs in cooperation with TrainforTrade. The Secretariat also ran ad hoc seminars and training workshops and/or provided advisory services for member States (Colombia, Egypt, Indonesia, Lao People's Democratic Republic, Morocco, Paraguay, Syrian Arab Republic and Uruguay) and regional organizations (ASEAN and COMESA). Cooperation with APEC took the form of UNCTAD's participation in several meetings, delivery of studies and the co-hosting of a regional seminar. The secretariat also contributed to training courses and seminars organized in-house by the Virtual Institute, Paragraph 166, TrainforTrade and ASIT and by partner institutions (CASIN, IDLO, Friedrich Ebert Foundation, OECD and WAIPA).

28. The final in-depth impact evaluation report of the work programme on IIAs recommended that "particular emphasis be given to the need to build capacity in terms of the management of investor-State arbitration". To address this recommendation, the secretariat held for the second year an advanced regional training course on managing investment disputes and plans to organize similar activities in other regions and languages. It also held seminars to inform and create awareness (UNCTAD-APEC regional seminar on investor-State dispute settlement (ISDS), national seminar for Morocco on the impact of ISDS on treaty practice) and provided advisory services to countries (Egypt on alternative dispute resolution, Syria on the ISDS article in the draft investment law). It conducted research on the issue (booklet on the review of ISDS, UNCTAD-APEC studies on *Investor-State Dispute Settlement and Impact on Investment Rulemaking: The Asia-Pacific Perspective* and *Alternative Methods to Treaty-based, Investor-State Dispute Resolution* and published one issue per year of the IIA Monitor, an issue-oriented database of ISDS cases. Activities in the area will continue in 2007.

29. UNCTAD continued to be the leading source of information on IIAs. Work progressed on monitoring trends and analysing emerging issues (second generation series, IIA monitors), data compilation (BITs, preferential trade and investment agreements, ISDS cases). In addition, the e-network of IIAs experts has become a de facto and cost-effective tool for exchange of information/experience and technical assistance activities. All of these developments helped increase dissemination of programme materials to the broadest possible audience.

30. Based on the Commission's 2005 mandate to assess ways in which developing countries can develop their domestic productive capability in the supply of essential drugs in cooperation with pharmaceutical companies, in 2006 UNCTAD received seed funding from Germany (BMZ) and the United Kingdom (DFID) and commenced elaborating a *Stakeholders' Reference Guide to Intellectual Property and Related Policies*, which will be used for capacity-building activities in the course of 2007. In October 2006, UNCTAD convened an Ad Hoc Expert Seminar on Intellectual Property Arrangements: Implications for Developing Country Productive Capabilities in the Supply of Essential Medicines, in order to, inter alia, inform the production of the *Reference Guide*.

III. INVESTMENT POLICY REVIEWS: EXCHANGE OF NATIONAL EXPERIENCES

Recommendation: *The Commission commends the programme of investment policy reviews (IPRs) and asks the secretariat to strengthen its efforts to ensure that the development needs and priorities of countries under review form an integral part of IPRs and their follow-up mechanism. It urges strengthening IPRs in order to ensure a timely response to the requests of interested countries, as well as expanded technical assistance to developing countries in follow-up policy advice and capacity-building projects.*

31. Since the Commission last met, the Secretariat has finalized the Investment Policy Review (IPR) for Rwanda that addressed specific post-conflict issues. Following the presentation of its main findings and recommendations to the Economic Commission of the Chamber of Deputies and the Senate in Kigali in June 2006, this IPR was introduced to the international community in the context of the Trade and Development Board on 3 October 2006 in the presence of the Honourable Mr. Bernard Makuza, Prime Minister of Rwanda. Mr Makuza acknowledged the IPR Rwanda as "an important contribution to the development of (Rwandan) national policy", which will allow "for a more reliable development policy and fits in with the efforts of the country".

32. The IPRs for Morocco and Zambia will be presented at this eleventh session. In both cases, funds have been committed by donors for implementing some of the IPRs' recommendations. The Secretariat is also finalizing IPRs for Brazil and Nigeria. This will bring the total of IPRs to 22, including 15 for Africa. Other IPRs are at various stages of preparation, such as the IPR for Mauritania, the IPR for Viet Nam and the IPR for Dominican Republic.

33. The Secretariat has, with the help of the German Government, been able to set up a financial mechanism allowing for a swift and timely response to the request emanating from the Government of Rwanda (the IPR was delivered within a year) and for undertaking follow-up policy advice and capacity-building projects. The Secretariat will replicate this experience in other countries.

34. In order to ensure a timely response to requests of interested countries, the secretariat also expanded its series of Blue Books on investment promotion and facilitation, prepared in cooperation with the Japan Bank for International Cooperation (JBIC). Blue Books draw on best practices examples that can be implemented within a year. Following the publication of Blue Books for Cambodia, Kenya, Lao PDR, Uganda and Tanzania, a fourth Blue Book for Ghana was launched in August 2006. Another Blue Book was launched in January 2007 for Zambia, with due consideration being made of recent developments such as the Zambia Development Agency Act of 12 May 2006.

Recommendation: *Conscious that the effectiveness of the reviews hinges upon the implementation of recommendations, the Commission requests UNCTAD to continue to provide technical assistance and capacity-building support commensurate with the needs of developing countries and to evaluate progress regularly. The Commission invites UNCTAD to review the report entitled "Strengthening the Development Impact of UNCTAD's Investment Policy Reviews" and report back to the Commission at its eleventh session on areas of implementation in consonance with paragraph 7 of these agreed recommendations and areas which may merit implementation.*

35. Since the last session of the Commission, the secretariat has provided technical assistance to help developing countries implement the recommendations of the IPRs. The secretariat also continued to assess policy changes to regularly evaluate the progress made in the implementation of the recommendations of its IPRs. Preliminary results are regularly discussed on the occasion of national workshops. Further to the presentation of the *Report on the implementation of the IPR: Egypt* at the Commission's session last year, the secretariat has prepared a *Report on the implementation of the IPR: Uganda*. The Report, which focuses on the "Big Push" strategy on investment promotion and policy coordination, will be discussed at the current session.

36. Overall and since the Commission's last session, the secretariat has provided technical assistance in the context of follow-up to the IPRs' recommendations to eleven countries. These included Algeria, Botswana, Colombia, Egypt, Kenya, Lesotho, Morocco, Nigeria, Peru, Rwanda and Uganda.

37. The Division also continued to assist Governments in the area of investment promotion and the strengthening of the role of investment promotion agencies (IPAs). During the reporting period, UNCTAD provided assistance to:

- China, with the preparation of an investment strategy for the tourism sector in the western Silk Road provinces, and the training of 25 Chinese regions representatives on investor targeting in tourism;
- El Salvador, in preparing an advisory study on promoting investment in medical devices and medical tourism and setting up the Internet-based e-regulations system;
- Ethiopia, in improving governance in investment promotion by building capacities at federal and subnational IPAs, including setting up the Internet-based e-regulations system on investment and the provision of training for IPA officials in Ethiopia and overseas;
- Honduras, in defining with the Government the priorities for the revision of the national strategy for investment promotion, starting with a review of fiscal incentives,

the setting-up of the Internet-based e-regulation system, and the training of diplomats for postings abroad;

- Kenya, in assisting the IPA to target investment from developing countries by organizing investment fora for Chinese and Indian investors;
- Lesotho, in drafting its FDI legislation and preparing a study benchmarking its business immigration practices;
- Peru, in implementing an investor targeting strategy for the agro-industry sector;
- Mali, in preparing and presenting at a national workshop an advisory report with recommendations on good governance in investment promotion and initiating the setting-up of the Internet-based e-regulation system;
- Serbia, in preparing an investment promotion strategy for the Vojvodina Investment Promotion Fund; and,
- Bulgaria, Djibouti, El Salvador, Honduras and Russia in establishing Internet-based interactive systems for investment promotion.

38. Officials from over 50 countries from Africa, Latin America, South-East Europe and the CIS benefited from training and networking through regional and national workshops on investment promotion, often in cooperation with WAIPA. Part of this training was sector-specific, dealing with investor targeting in the tourism, mining and agro-processing sectors. Training was also extended to diplomats from developing countries. Since the last session of this Commission, over one hundred diplomats from Egypt, Honduras, Indonesia and Morocco have received training in investment promotion through the diplomatic service.

39. UNCTAD convened an Ad Hoc Expert Meeting on Policy Advocacy in Investment Promotion (23-24 November 2006). The meeting looked into efforts that countries are making, through investment promotion agencies, to influence policy change in order to effectively improve the country investment environment and attract increased levels of FDI in consonance with national development economic goals. It allowed for identification of principles, tools and instruments and best practices to effectively advocate for policy change based on national examples, experience gained through UNCTAD programmes and those of other organizations, as well as the inputs of Meeting participants.

40. The secretariat carefully reviewed the report on "Strengthening the Development Impact of UNCTAD's IPRs" and has taken on board a number of its recommendations. While IPRs remain focused on FDI, efforts are made to promote complementarity between foreign and national investment and to enable local investors to benefit from an improved investment framework – a key objective of the IPRs. As recommended by the Report, particular attention is being given to the potential development impact of FDI and to the provision of concrete and readily actionable recommendations and their integration into the country's national development strategy and the overall framework of development assistance by the donor community (PRSP, DTIS, Integrated Framework). In order to enhance the development impact of the IPRs, funds have typically been earmarked at the start of the IPR process for follow-up technical assistance. These improvements in the IPR process and substance are illustrated in the latest IPRs on Rwanda and Morocco, as well as the forthcoming Reviews on the Dominican Republic, Mauritania and Vietnam.

IV. REPORT OF THE SUBSIDIARY BODIES OF THE COMMISSION

Recommendation: *The Commission notes with appreciation the guidance on corporate governance disclosure prepared by the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, and recommends wide dissemination of the guidance as a useful voluntary tool to improve corporate governance disclosure in order to facilitate investment and enhance the transparency and stability of the investment environment.*

41. The 23rd session of ISAR held from 10 to 12 October 2006 was an occasion to examine the results of UNCTAD's *2006 Review of the Implementation Status of Corporate Governance Disclosure*. The survey compares the actual disclosure of 105 leading companies from 70 economies with the benchmark for good practice identified in the *Guidance on Good Practices in Corporate Governance Disclosure*. The UNCTAD secretariat has been actively engaged in disseminating the guidance. On 6 November, the Egyptian Institute of Directors (EIOD), along with the International Finance Corporation (IFC), hosted a conference entitled "The Role of Transparency and Disclosure in Corporate Governance". The event, which brought together a number of Egyptian business leaders and international investors, featured a presentation of ISAR's work on good practices in corporate governance disclosure and ISAR's *2006 Review of the Implementation Status of Corporate Governance Disclosure*. The twenty-third session of ISAR also provided an opportunity to examine practical implementation issues of the International Financing Reporting Standards (IFRS) and corporate responsibility reporting. The meeting was attended by over 270 representatives from 80 countries.

APPENDIX

PUBLICATIONS PREPARED BY DITE

A. Parliamentary documentation

Commission on Investment, Technology and related Financial Issues, Tenth Session

- Report of the Commission on Investment, Technology and Related Financial Issues on its ninth session
TD/B/COM.2/71
- International Investment Rule-setting: Trends, Emerging Issues and Implications
TD/B/COM.2/68
- Summary of Deliberations on the Science, Technology and Innovation Policy Review of the Islamic Republic of Iran
TD/B/COM.2/69
- Report on the Implementation of Recommendations for the UNCTAD secretariat
TD/B/COM.2/70
- Report of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting at its twenty-second session
TD/B/COM.2/ISAR/31
- Report of the Expert Meeting on Capacity Building in the Area of FDI: Data Compilation and Policy Formulation in Developing Countries
TD/B/COM.2/EM.18/3
- Report of the Expert Meeting on Positive Corporate Contributions to the Economic and Social Development of Host Developing Countries
TD/B/COM.2/EM.17/3
- UNCTAD Work Programme on Capacity Building in Developing Countries on Issues in International Investment Agreements: Final In-depth Report
UNCTAD/ITE/IIT/2005/6
- Report of the Ad Hoc Expert Meeting on Advocacy for Investment Policies with Particular Reference to the Development Dimension
TD/B/COM.2/AHM.1/3

Expert Meeting on Building Productive Capacities, Geneva, 4–6 September 2006

- Building Productive Capacities in Developing Countries
TD/B/COM.2/EM.19/2
- Report of the Expert Meeting on Building Productive Capacities
TB/BCOM.2/EM.19/3

Expert Meeting on FDI in Natural Resources, Geneva, 20–22 November 2006

- Transnational Corporations, Extractive Industries and Development: Implications for Policies
TD/B/COM.2/EM.20/2

Ad Hoc Expert Meeting on Advocacy for Investment Policies with Particular Reference to the Development Dimension, Geneva, 23-24 November 2006

- Policy Advocacy in Investment Promotion
TD/B/COM.2/AHM.1/2
- Provisional agenda and annotations
TD/B/COM.2/AHM.1/1

Commission on Enterprise, Business Facilitation and Development, tenth session

- Promoting TNC-SME Linkages to Enhance the Productive Capacity of Developing Countries' Firms: A Policy Perspective
TD/B/COM.3/75
- Report of the Expert Meeting on Enhancing the Productive Capacity of Developing Country Firms through Internationalization
TD/B/COM.3/EM.26/3

Expert Group Meeting on Best Practices and Policy Options in the Promotion of SME-TNC Business Linkages, Geneva, 6-8 November 2006

- Developing Business Linkages
TD/B/COM.3/EM.28/2
- Report of the Expert Group Meeting on Best Practices and Policy Options in the Promotion of SME-TNC Business Linkages, Geneva, 6–8 November 2006 (TD/B/COM.3/EM.28/3)

Commission on Science and Technology for Development, ninth session

- Report on the ninth session
E/CN.16/2006/4
- Report of the Panel on Bridging the Technology Gap between and within Nations
E/CN.16/2006/CRP.1
- Country Reports: Exchange of National Experiences in Bridging the Technology Gap between and within Nations
E/CN.16/2006/CRP.2
- ITE Bridging the Technology Gap between and within Nations
E/CN.16/2006/2
- Implementation of and Progress Made on Decisions Taken at the eighth session of the Commission on Science and Technology for Development
E/CN.16/2006.3

CSTD Panel Meeting on Promoting the Building of a People-centred, Development-oriented and Inclusive Information Society, Paris, 6–8 November 2006

- Promoting the building of a people-centred, development-oriented and inclusive information society, with a view to enhancing digital opportunities for all people
- Information and Communication Technologies hype and unfulfilled promises

- Issues Paper: Promoting the building of a people-centred, development-oriented and inclusive information society, with a view to enhancing digital opportunities for all people
- Promoting the building of a people-centred, development-oriented and inclusive information society, with a view to enhancing digital opportunities for all people: Policy milestones and current strategies

Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, twenty-third session

- 2006 Review of the Implementation Status of Corporate Governance Disclosure
TD/B/COM.2/ISAR/CRP.3
- 2006 Review of the Reporting Status of Corporate Responsibility Indicators
TD/B/COM.2/ISAR/CRP.4
- Guidance on Corporate Responsibility Indicators in Annual Reports
TD/B/COM.2/ISAR/34
- Review of Practical Implementation Issues of International Financial Reporting Standards
TD/B/COM.2/ISAR/33
- Review of Practical Implementation Issues of International Financing Reporting Standards: Case study of Brazil
TD/B/COM.2/ISAR/33/Add.1
- Review of Practical Implementation Issues of International Financing Reporting Standards: Case study of Germany
TD/B/COM.2/ISAR/33/Add.2
- Review of Practical Implementation Issues of International Financing Reporting Standards: Case study of India
TD/B/COM.2/ISAR/33/Add.3
- Review of Practical Implementation Issues of International Financing Reporting Standards: Case study of Jamaica
TD/B/COM.2/ISAR/33/Add.4
- Review of Practical Implementation Issues of International Financing Reporting Standards: Case study of Kenya
TD/B/COM.2/ISAR/33/Add.5

B. Recurrent Publications

- *World Investment Report 2006 – FDI from Developing and Transition Economies: Implications for Development* (UNCTAD/WIR/2006), Sales No.: E.06.II.D.11, ISBN: 92-1-112703-4, 16 October 2006
- *World Investment Report 2006 – Overview* (UNCTAD/WIR/2006(OVERVIEW)), 16 October 2006
- *World Investment Directory*
 - Developing Countries (forthcoming)
 - West Asia (forthcoming)
 - Africa (forthcoming)
- *International Accounting and Reporting Issues, 2005 Review* (UNCTAD/ITE/TEB/2005/7), 1 August 2006

- The Digital Divide: ICT Diffusion Index, 2005 (UNCTAD/ITE/IPC/2006/5), 10 May 2006
- Transnational Corporations Journal:
Vol. 15, No 1- (UNCTAD/ITE/IIT/2006/1), 1 April 2006
Vol. 15, No. 2 - (forthcoming)
Vol. 15, No. 3 - (forthcoming)

C. Non-Recurrent Publications

- Activities Report 2005 (UNCTAD/ITE/2006/1), August 2006
- FDI in LDCs at a Glance: 2005/2006 (UNCTAD/ITE/IIA/2005/7), ISSN 1819-8937, 15 September 2006
- Asian FDI in Africa (forthcoming)
A Survey of Support by Investment Promotion Agencies to Linkages, Advisory Studies No. 18 (UNCTAD/ITE/IPC/2005/12), 12 May 2006
- La Promoción de Inversión Extranjera en las Regiones del Perú (UNCTAD/ITE/IPC/2006/3), 1 March 2006
- Guidance on Good Practices in Corporate Governance Disclosure (UNCTAD/ITE/TEB/2006/3), Sales No. E.06.II.D.12, ISBN: 92-1-112704-1, 13 June 2006
- Global Players from Emerging Markets: Strengthening Enterprise Competitiveness through Outward Investment" (UNCTAD/ITE/TEB/2006/9)
- The IPA as Policy Advocate: Shaping the Investment Climate (forthcoming)
- Aftercare – A Core Function in Investment Promotion (forthcoming)

UNCTAD Current Studies on FDI and Development

- Measuring restrictions on FDI in services in developing countries and transition economies (UNCTAD/ITE/IIA/2006/1), Sales No. E.06.II.D.13, ISBN: 92-1-112707-6
- Globalization of R&D and Developing Countries, Proceedings of the Expert Meeting, Geneva, 24-26 January 2005 (UNCTAD/ITE/IIA/2005/6), Sales No. E.06.II.D.2, ISBN: 92-1-112694-0, 1 April 2006

Investment Guides

- Investment Guide to Mali (UNCTAD/ITE/IIA/2006/2), 1 September 2006
- An Investment Guide to Rwanda (UNCTAD/ITE/IIA/2006/3), 3 October 2006

Investment Policy Reviews

- Investment Policy Review of Colombia (UNCTAD/ITE/IPC/2005/11), 1 January 2006

- Investment Policy Review of Rwanda (UNCTAD/ITE/IPC/2005/11), Sales No. E.06.II.D.15, ISBN 92-1-112709-2, 1 July 2006
- Examen de la politique de l'investissement du Maroc (UNCTAD/ITE/IPC/2006/16)
- Investment Policy Review of Zambia (UNCTAD/ITE/IPC/2006/14)
- Investment Policy Review of Nigeria (forthcoming)
- Investment Policy Review of Brazil (forthcoming)

Blue Book on Best Practice in Investment Promotion and Facilitation

- Ghana (UNCTAD/ITE/IPC/2006/13), 8 August 2006
- Zambia (UNCTAD/ITE/IPC/Misc/2006/3, January 2007)

Series on International Investment Policies for Development (2nd generation)

- Investor-State Disputes Arising from Investment Treaties: A Review, (UNCTAD/ITE/IIT/2005/4), Sales No. E.06.II.D.1, 1 February 2006
- International Investment Agreements: Trends and Emerging Issues (UNCTAD/ITE/IIT/2005/11), Sales No. E.06.II.D.3, 1 April 2006
- Preserving Flexibility in IIAs: The Use of Reservations (UNCTAD/ITE/IIT/2005/8), Sales No. E.06.II.D.14, 1 June 2006

Studies on International Investment Agreements

- Investment Provisions in Economic Integration Agreements (UNCTAD/ITE/IIT/2005/10), 13 June 2006
- Bilateral Investment Treaties 1995-2005: Trends in Investment Rulemaking (forthcoming)
- UNCTAD-APEC studies:
Investor-State Dispute Settlement and Impact on Investment Rulemaking: The Asia-Pacific Perspective
Alternative Methods to Treaty-based, Investor-State Dispute Resolution
Published on CD-ROM, November 2006

Issues in International Agreements and Arrangements related to Technology

- Transfer of Technology for Successful Integration into the Global Economy – A Case Study of the Salmon Industry in Chile (UNCTAD/ITE/IIT/2005/12), 1 March 2006

Publications of the UNCTAD-ITCSD Project on Intellectual Property Rights and Sustainable Development

- The International Copyright System: Limitations, Exceptions and Public Interest Considerations for Developing Countries (Issue Paper No. 15), 1 March 2006

- Exceptions to Patent Rights in Developing Countries (Issue Paper No. 17, UNCTAD/ITE/IPC/2006/13), 1 August 2006
- Intellectual Property Provisions of Bilateral and Regional Trade Agreements in light of U.S. Federal Law (Issue Paper No. 12, UNCTAD/ITE/IPC/2006/4), 1 February 2006
- Utility Models and Innovation in Developing Countries (Issue Paper No. 13, UNCTAD/ITE/IPC/2006/6), 1 February 2006
- Negotiating Health: Intellectual Property and Access to Medicines, Earthscan Publishers, January, 2006

Business Linkages

- Deepening Development through Business Linkages (UNCTAD/ITE/TEB/2006/7), 1 September 2006
- Business Linkages Programme Guidelines (UNCTAD/ITE/TEB/2005/11), 1 July 2006

Investment Briefs

- Better Data Needed to Assess FDI Impact, Investment Brief No. 2 (UNCTAD/WEB/ITE/IIA/2006/3), 15 March 2006
- New Sources of FDI Attracting Attention from IPAs, Investment Brief No. 3 (UNCTAD/WEB/ITE/IIA/2006/6), 24 July 2006
- Developing countries are beginning to promote outward FDI, Investment Brief No. 4 (UNCTAD/WEB/ITE/IIA/2006/)

ISAR Newsletters

- ISAR Update No. 7, 10 May 2006 (UNCTAD/ITE/TEB/2005/8)
- ISAR Update No. 8, 19 May 2006 (UNCTAD/ITE/TEB/2005/10)

IIA Monitors

- Systemic Issues in International Investment Agreements, No. 1, March 2006, UNCTAD/WEB/ITE/IIA/2006/2
- Developments in International Investment Agreements in 2005, No. 2, October 2006, UNCTAD/WEB/ITE/IIA/2006/7
- The Entry into Force of Bilateral Investment Treaties (BITs), No. 3, October 2006, UNCTAD/WEB/ITE/IIA/2006/9
- Latest Developments in Investor–State Dispute Settlement: Substantive Implications, No. 4 (forthcoming)

Online IIA Databases

- Database of bilateral investment treaties (BITs)
- Country list of BITs

- Compendium of International Investment Instruments
- Database of treaty-based investor-State dispute settlement (forthcoming)

* * * * *