



**United Nations Conference  
on Trade and Development**

Distr.: Limited  
29 April 2010

Original: English

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**Trade and Development Board**  
**Investment, Enterprise and Development Commission**  
Second session  
Geneva, 26–30 April 2010

**Draft report of the Investment, Enterprise and  
Development Commission on its second session**

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## Chair's summary

### A. Report of the Multi-year Expert Meeting on International Cooperation: South–South Cooperation and Regional Integration

(Agenda item 3(a)(ii))

1. The Commission took note of the Report of the Multi-year Expert Meeting on International Cooperation: South–South Cooperation and Regional Integration on its second session (TD/B/C.II/MEM.2/6). The Vice-Chair of the Expert Meeting presented its main outcome relevant to the work of the Commission.

2. Key issues included (a) the possibilities for South–South investment in agriculture; (b) drivers explaining the recent food security-related investments in many developing countries; (c) the internationalization of transnational corporations (TNCs) from developing countries in agriculture and food processing; (d) progress towards establishing a set of principles for responsible investment in agriculture; and (e) policy options to ensure the beneficial impact of South–South investment on productive capacity in the agriculture sector.

3. There was broad agreement at the Expert Meeting that challenges of the “food crisis” could not be addressed without tackling a series of long-standing issues, such as persistent underinvestment. While foreign direct investment (FDI) was likely to fill only a small part of the huge investment gap, it could provide important marketing links, access to technology and management skills essential for agriculture development.

4. It was also noted that international investments agriculture in recent years had been driven by food security concerns, often involving acquisition of large swaths of farmland, which gave rise to political concern in a number of host countries. It was emphasized that the activities of investors needed to be transparent and properly regulated. In that regard, the initiatives to establish a set of principles and best practices in international investment in agriculture was noted.

5. The Commission was also informed of the specific policy options proposed at the Expert Meeting. These included the following: (a) countries should provide a conducive investment environment for agricultural production; (b) viable projects in agriculture through, among other measures, mechanization and better marketing should be established; (c) public investment should be directed towards the development of infrastructure to improve the overall farming environment; (d) contract farming without ownership of land should be considered as an alternative to investment in farmland; (e) investing countries could provide financial assistance to help improve the agricultural production facilities of developing countries; (f) developing countries with high input costs should look into approaches to reducing such costs; (g) the capacity of farmers should be strengthened, for example, through training and provision of the necessary tools; (h) the United Nations, in particular UNCTAD, should facilitate the sharing of experiences between countries through organization of meetings and the provision of technical cooperation to developing economies.

## **B. Report of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting**

(Agenda item 3(b))

6. For its consideration of this agenda item, the Commission had before it the Report of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting on its twenty-sixth session (TD/B/C.II/ISAR/54).

7. Mr. Syed Asad Ali Shah (Pakistan), Chair of the twenty-sixth session of the Working Group of Experts on International Standards of Accounting and Reporting (ISAR), presented the report of ISAR to the Commission. Mr. Shah highlighted a number of activities that ISAR had undertaken since the previous meeting of the Commission, including (a) the twenty-sixth session; (b) a workshop on International Public Sector Accounting Standards (IPSAS); (c) a conference on the financial crisis and its implications for the international financial reporting architecture and financial stability; and (d) liaison activities of the UNCTAD secretariat with other international organizations, the private sector and civil society. With respect to the twenty-sixth session of ISAR, the Chair noted that the session had been a success in many respects. It contributed to addressing the capacity-building needs of developing countries and countries with economies in transition with a view to strengthening their accounting systems and the quality of corporate reporting in their respective jurisdictions. He further noted that feedback obtained from participants through questionnaires indicated a high level of satisfaction with respect to the substance, attendance and organization of the twenty-sixth session of ISAR. The Chair of the ISAR session highlighted the growing interest of member States in IPSAS and reiterated the request of the twenty-sixth session of ISAR for UNCTAD to consider ways and means of incorporating discussion on practical implementation of IPSAS in future ISAR sessions.

## **C. Report of the single-year Expert Meeting on Green and Renewable Technologies as Energy Solutions for Rural Development**

(Agenda item 3(c)(i))

8. For its consideration of this agenda item, the Commission had before it the Report of the Expert Meeting on Green and Renewable Technologies as Energy Solutions for Rural Development (TD/B/C.I/EM.3/3). The meeting was held 9–11 February 2010.

9. Mr. Khondker Talha (Bangladesh), Chair of the single-year Expert Meeting, presented the report to the Commission. He commended UNCTAD for success of the meeting, both in terms of attendance (130 participants from 53 countries) and its innovative structure, which allowed participants to engage more fully and constructively in the identification of key areas for action at the local, national and regional/international levels, as well as possible roles for UNCTAD. He highlighted the agreement amongst experts that any strategy related to renewable energy technology (RET) deployment for rural development should be integrated into wider rural development plans and national investment plans. Experts also stressed that RET deployment must be tailored to the needs and priorities of local communities and must involve full stakeholder participation. South–South and North–South cooperation partnerships for technology transfer – including the setting-up of local manufacturing and service operations and capacity-building and training – should be promoted much more actively, and mechanisms should be established for financial support to start such activities.

10. Experts made a number of recommendations for action by UNCTAD. First, there was a clear role for UNCTAD in carrying out independent research on integrated approaches to RETs as a tool for pro-poor development. Based upon this, it was felt that

UNCTAD should analyse best practices in promoting the research, development and deployment of RETs for sustainable rural development, particularly focusing on incentive structures and strengthening enterprise development, and facilitate exchanges of experiences and best practices between countries and communities. Second, UNCTAD should promote South–South cooperation in the area of RETs for rural development, including trade and technology-transfer aspects. UNCTAD could play a coordinating role in disseminating knowledge about different experiences of and approaches to the transfer of RETs, and about the development of associated local innovation capabilities. Third, UNCTAD should continue to expand its cooperation with other relevant international and regional organizations and United Nations bodies. Such cooperation included areas of common interest, such as the interface between RETs, food security and sustainable agriculture.

#### **D. Report of the single-year Expert Meeting on the Contribution and Effective Use of External Resources for Development, in Particular for Productive Capacity-building**

(Agenda item 3(c)(ii))

11. The Commission took note of the Report of the Expert Meeting on the Contribution and Effective Use of External Resources for Development, in Particular for Productive Capacity-building, which took place 22–24 February 2010 (TD/B/C.II/EM.1/3), presented by the Chair of the Expert Meeting. Two of the Expert Meeting’s six sessions – “Foreign direct investment for productive capacity-building” and “Building productive capacities in developing countries” – were of particular relevance to the work of the Commission.

12. The Commission was informed that the Expert Meeting had discussed, among other issues, the link between FDI and productive capacity-building, particularly through the former’s potential role as a transmitter of capital, technology, know-how and access to markets.

13. A number of different perspectives on the role of FDI had been expressed at the Expert Meeting. Experts had observed that the promises of FDI were not always realized and a number of developing countries had difficulty not only in attracting FDI but also in taking advantage of it. The absence of domestic capacity would limit FDI inflows and their impact on development. The role of FDI should be seen as that of a catalyst for development, which could enhance local productive capacity through promoting greater utilization and more efficient allocation of resources.

14. It was noted that different views were expressed with regard to the need for an industrial policy to identify priorities and set an industrial strategy prior to investment liberalization. As for the policies needed to maximize the contribution of FDI to productive capacity-building, the experts had proposed, among other potential sources of investment, that Diaspora FDI as well as FDI from TNCs from the South should be targeted.

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