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Chair's summary

A. Report of the Multi-year Expert Meeting on Enterprise Development Policies and Capacity-building in Science, Technology and Innovation (STI)

(Agenda item 3(a)(i))

1. The Commission took note of the Report of the Multi-year Expert Meeting on Enterprise Development Policies and Capacity-building in Science, Technology and Innovation (STI) on its second session. This multi-year expert meeting, which had been held 20–22 January 2010, had aimed to identify the key components of entrepreneurship and innovation policy frameworks, as well as effective ways of monitoring and assessing the performance of entrepreneurial and STI activities in developing countries. Mr. Anas Alami Hamedane, the expert meeting's Vice-Chair-cum-Rapporteur, presented the report of the meeting.

2. The Vice-Chair emphasized the importance of entrepreneurship and innovation as key elements for economic growth and poverty reduction, and thus towards achievement of the Millennium Development Goals. He also emphasized the importance of UNCTAD's entrepreneurship policy framework and related inventory of good practices, which was based on six major components, namely: (a) the general enabling environment for entrepreneurship; (b) an awareness of the importance of entrepreneurship policies and network-building; (c) entrepreneurship education and skills development; (d) access to finance; (e) technology upgrading and innovation; and (f) the regulatory framework.

3. The Vice-Chair stressed that Science, Technology and Innovation were major drivers of knowledge-based economies and sustainable economic development, and noted the value of developing coherent and evidence-based STI policies adapted to the realities, challenges and opportunities of developing countries. In that respect, experts had stated that the limited capacities to analyse STI data and the limited availability of internationally comparable STI indicators represented a problem for evidence-based policymaking; experts had therefore emphasized the need to promote the development of relevant STI indicators, for policy design, implementation and evaluation, that were adapted to the specific context of developing countries.

4. The Vice-Chair reported that experts had identified a series of actionable outcomes from the multi-year expert meeting, including further development of UNCTAD's inventory of good practices on entrepreneurship policies for a coherent policy framework for entrepreneurship development and as a knowledge-sharing platform to connect experts. Experts had also called on UNCTAD to continue developing a set of core indicators to assess the effectiveness of entrepreneurship policies, taking into account best practices and lessons learned from other relevant institutions and stakeholders. Such a set of indicators, together with the policy framework, would provide a policymaking tool for entrepreneurship development in developing countries and countries with economies in transition.

5. The Vice-Chair also reported that experts had requested UNCTAD to further develop its research and policy analysis on STI issues and serve as a forum for STI policy dialogue. They had encouraged UNCTAD to continue conducting reviews of national STI policies in developing countries, and to continue cooperating with other international, regional and national organizations and with other stakeholders to develop relevant STI indicators to provide a basis on which effective policy recommendations could be made. Finally, experts had encouraged UNCTAD to cooperate with other organizations and stakeholders to support developing countries – in particular LDCs – in collecting and analysing STI data, and to assist policymakers in formulating development-oriented STI policies.

B. Report of the Multi-year Expert Meeting on Investment for Development

(Agenda item 3(a)(iii))

1. The second Multi-year Expert Meeting on Investment for Development, the theme of which was “Foreign direct investment, domestic investment and development: enhancing productive capacities”, had discussed key elements of synergies between domestic investment and foreign direct investment from a development perspective in the areas of macroeconomic interaction, and two concrete cases – agriculture, and climate change.

2. It was reported that positive impacts from foreign direct investment (FDI) were contingent on a number of conditions, and that those inflows of foreign capital may not always result in positive development outcomes. However, since domestic investment levels were low, particularly in the least developed countries, FDI could contribute to the capital stock and introduce new technologies, which could benefit countries’ long-term and strategic development objectives. FDI may substitute for, complement or even strengthen the formation of capital by domestically-owned firms.

3. However, some experts had maintained that differences in the effects of FDI on domestic investment among countries and regions suggested that national development strategies and investment policies should be coordinated to ensure the maximization of synergies between FDI and domestic investment. The perceived roles of FDI and local investment, and their relationship within the framework of the development process, were being reconsidered in light of the financial crisis. There was a need to promote an enabling environment for attracting investment for development and for the transfer of technology.

4. There was a strong and urgent need to invest more in agriculture in developing countries. Both domestic and foreign investment could contribute. Experts had explored the potential for the creation and enhancement of synergies between the two, and had discussed policy options and examples in that regard. Experts had discussed both the positive effects and the concerns associated with FDI in agriculture. The concerns raised about investments in agriculture included reduced access to water and land for domestic farmers, the destabilizing impact on society, and the possible loss of jobs in the agricultural sector due to efficiency gains. Problems related to land ownership, access to land, and “land grab” were highlighted, and some possible solutions to address those problems were discussed.

5. Experts had recognized that TNCs could participate in agricultural production not only through FDI but also via non-equity modes of entry, such as contract farming arrangements. Furthermore, they had discussed some specific measures to promote contract farming arrangements and to make them beneficial to local farmers.

6. It was reported that several experts had highlighted reasons for the low amount of FDI in agriculture, which was partly due to subsidies and land ownership restrictions including land accessibility. The importance of TNCs in agricultural development had been stressed, and the need to introduce principles of responsible international investment in agriculture had been suggested.

7. With regard to climate change, experts had stated that close interaction between foreign and domestic investors would be crucial, as the investment needs for climate change mitigation and adaptation over the next few decades would be colossal. In addition, the critical question would be how to incentivize domestic and foreign private investors to develop or spread the necessary technologies or expertise. The experts had noted that climate-change-induced investments, both domestic and foreign, were relatively new, and that countries were still developing the specific policy frameworks associated with them. They had further noted that the problems related to the Clean Development Mechanism had been discussed. In addition to the international mechanisms, developing countries could move ahead with the creation of markets for low-carbon technologies, as indeed some were

already doing. Low-carbon FDI could play a role in mitigating and adapting to climate change in developing countries, and in meeting the challenges posed by climate change.