



**DIVISION ON INVESTMENT, TECHNOLOGY AND ENTERPRISE DEVELOPMENT**

**OVERVIEW OF ACTIVITIES IN 2005**

1. As an integral part of UNCTAD objectives, the overall focus of the Division on Investment, Technology and Enterprise Development (DITE) is to make investment work for development. We do so through research and analysis; consensus building; and practical policy advice and capacity building. Most of our programmes combine all three elements. Whenever possible, we work with other international, bilateral and national agencies. In this way, we are often able to generate visible impact and appreciation.

2. As 2005 draws to close, the statistics show another fruitful year for the Division on Investment, Technology and Enterprise Development. Our preliminary count shows that DITE organized some 70 conferences, symposia and meetings and over 30 training activities. DITE produced more than 100 publications – including books, manuals, reviews, reports, issue papers, booklets and Internet publications. Many developing countries have continued in 2005 to adopt measures intended to improve their investment climate with a view to upgrading or enhancing their ability to attract and benefit from foreign direct investment (FDI). Supporting these efforts, DITE staff carried out some 120 advisory and other missions. Of these, about a third enhanced national capacity in the investment policy-making area, and in regional, bilateral and international investment negotiations. Another third supported the undertaking of pro-active measures to augment developing countries' dynamic economic determinants, strengthening the role of investment promotion agencies (IPAs). The remaining responded to the variety of requests received on the general standards and policies that affect domestic and foreign investment activity, an area of attention for governments seeking to increase the effectiveness of their relevant policy measures. To enhance outreach, DITE maintained a total of 19 websites, and issued regular press releases, information and occasional notes or an e-brief, with the support of other units of UNCTAD.

3. Overall, nearly 170 countries benefited from DITE activities in 2005. The Division continued to ensure a balanced geographical distribution of its services. In Africa, 50 of the continent's 55 countries benefited. In Latin America and the Caribbean, 35 countries benefited, with another 31 in developing Asia and 20 in Eastern Europe and the Commonwealth of Independent States. The Division also continued to accord particular emphasis to addressing the needs of LDCs. During 2005, 42 LDCs (84 per cent of the total) benefited from DITE's activities. More than half of these benefited from more than one of the Division's programmes.

4. As part of its consensus-building efforts, the Division organized a special event on the Millennium Development Goals during the ninth session of the Commission on Investment, Technology and Related Financial Issues. Delegates had a live exchange with the Special Advisor to U.N. Secretary-General on the Millennium Development Goals (Jeffrey Sachs), who emphasized the important role that UNCTAD can play in achieving the MDGs. Later in the year, Expert Group Meetings initiated new areas of work on corporate responsibility, FDI statistics and increasing enterprise competitiveness through outward FDI.

5. The World Investment Report (WIR05), one of the main flagship publications of UNCTAD, was launched in some 75 countries in 2005. Beyond providing global data on FDI and related policy

developments, WIR05 contained a comprehensive survey of TNC strategies in the area of R&D internationalization. In its recommendations, the Report underlined the importance of designing and implementing investment and innovation policies as part of a coherent strategy to ensure benefits from R&D internationalization. The principal theme of the Report was very well received, reflected in comments such as the one from the Independent (a British newspaper): "The UNCTAD report contains a special section on research and development...the results...make for fascinating reading". The launch generated substantial coverage in the major international news media with 1073 press clippings. This represents the highest total recorded for any WIR and over half the total appeared in developing country media. Within five weeks of its launch, the WIR05 was downloaded over 320,000 times from the UNCTAD website.

6. Under International Investment Agreements (IIA), another DITE flagship programme, the first generation series was completed during 2005 and compiled in three volumes. A second series, on international investment policies for development, was launched and four reports have already been published. In addition, we continue to take the lead in monitoring global trends and emerging issues through on-line databases, e-discussion forums and e-research notes; as well as building capacity of developing countries through distance learning, intensive training and advisory services. An independent evaluation of the IIA programme concluded: "UNCTAD's work has a strong direct and sustained impact on the capacity of the beneficiaries to engage themselves effectively in discussions and/or negotiations of international investment agreements". It also found that "UNCTAD's cost-effectiveness in pursuing this work compares favourably with similar programmes" and revealed "an almost unanimous call from the direct and indirect beneficiaries of this work for continued and intensified services". The IIA series is required reading for negotiators from developing and developed countries alike.

7. Investment Policy Reviews (IPRs) continue to be one of the leading products of the Division, with a further number of member States requesting reviews. The presentation of the IPR Kenya was the highlight of this year's Trade and Development Board and delegates concurred that it had been one of the best meetings ever held. In the course of 2005, DITE completed six new IPRs bringing the total number produced to 20. A growing number of countries benefited from follow up support and related investment promotion activities. For the latter, new programmes were launched on policy advocacy and e-regulations and more than sixty developing countries and economies in transition benefited from training on these topics, as well as on client charters/good governance and the Clean Development Mechanism (CDM).

8. Furthermore, the Division has developed a number of new products to expand and complement its IPRs. Following its successful application in Sri Lanka, the newly launched 'Invest in Peace' initiative is currently being implemented in Rwanda. The Presidents of Kenya and Uganda endorsed the Investment Blue Books prepared for their countries. President Kibaki of Kenya praised the Blue Books for their ability "to enhance business-public sectors dialogue on investment, contribute to the elimination of identified impediments to foreign direct investment and lead to an increase in the flow of foreign direct investments in the country." The Blue Books were also recently recognized by the prestigious Africa Investor Awards, which highly commended their contribution to 'Smart Regulation'.

9. DITE has continued to showcase the progress made by countries in improving their investment environment through the production this year of three LDC investment guides, including a regional guide for East Africa. In addition, DITE has initiated implementation reports on earlier IPRs, starting with a presentation on Egypt at the 2005 Investment Commission which was conducted at the Ministerial level.

10. The Commission on Science and Technology for Development (CSTD) has acquired a new standing, thanks to the Division's efforts to involve Nobel Prize laureates and Ministers. The Division launched a Network of Centres of Excellence in Science and Technology designed to help bridge the North-South technology gap by creating regional learning hubs, encouraging the exchange of knowledge and reversing the current 'brain-drain' affecting developing countries. The Division established a partnership with the Centre des Technologies de l'Information of the State of Geneva to

provide customized training to ICT engineers and technicians from African LDCs. The first beneficiary was Lesotho, which received 220 computers with software installation and training for use in a number of areas, including schools. Other outputs included “*The Digital Divide: ICT Development Indices 2004*”, “*The ICT Benchmarking Tool*” and “*Financing ICT for Development*”. These products featured at the recent World Summit on the Information Society in Tunis, which recognized the role of CSTD in the implementation follow-up.

11. The Division also continued to produce analytical work in the inter-related areas of technology transfer and intellectual property, often in close cooperation with the International Centre on Trade and Sustainable Development (ITCSD), the World Trade Organization (WTO) and the World Intellectual Property Organization (WIPO).

12. The Intergovernmental Working Group of Experts on Standards of Accounting and Reporting (ISAR) addressed the timely issues of practical implementation of International Financial Reporting Standards (IFRS), disclosures on corporate responsibility and corporate governance with a view to promote harmonized and improved corporate reporting practices. The Group finalized its work on *Guidance on Good Practices in Corporate Governance Disclosure* and recommended that DITE disseminate it widely. ISAR continues to be one of the most widely attended expert meetings at UNCTAD.

13. Highlights of the Division's work on enterprise development include the EMPRETEC Directors Meeting, which developed a strategic plan to improve the marketing, sustainability and visibility of the EMPRETEC programme worldwide. DITE re-launched EMPRETEC Palestine and there are plans to expand the programme to the Gaza strip. The Division has also developed Projeto Vinculos in Brazil, which is designed to enhance local productive capacity through the creation and deepening of sustainable business linkages between foreign affiliates and Brazilian enterprises. The first linkages have already been initiated.

14. During 2005, the Division developed several management tools to enhance information dissemination, inter-divisional coordination and monitoring of its activities. This includes a new interactive database on technical assistance activities. DITE also issued an impact-based technical assistance report which was well received by member States. Furthermore, for the first time, the Division produced a CD-ROM containing all documentation relevant to the Investment Commission. A number of States commended the Division on this product and requested that it be reproduced for future sessions. In order to improve internal communication and coordination, the Division held several retreats, on top of its regular internal meetings (weekly meetings of Chiefs and periodic document and technical assistance review groups), and launched a regular staff e-newsletter.

15. As of 15 December, nearly 99 per cent of the Division's allotment for non-post expenditure under the 2004-2005 regular budget was programmed and committed. A total of \$3.3 million in extra-budgetary funds was made available by 15 donor countries, as well as a number of international and regional organizations including the Agence Internationale de la Francophonie, the International Labour Organization, the World Bank and the Asian Development Bank. This figure does not include important pledges made by a number of donors, such as those of the Swedish International Development Agency (SIDA) in support of DITE's Investment for Development Partnership and of Italy to finance the Network of Centres of Excellence in Science and Technology. DITE cooperated with the LDC programme in the financing of experts.

16. None of this could have been achieved without the commitment and dedication of the entire DITE staff and close collaboration of the rest of UNCTAD. We are especially appreciative of the support that we have received from our member States and development partners.

**Khalil Hamdani**

Officer-in-Charge

Division on Investment, Technology and Enterprise Development

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