

**Statement by
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**Working Party on the Medium Term Plan and the Programme Budget
Review of the technical activities of UNCTAD and their financing**

Geneva, 2 September 2013

Distinguished delegates,

Technical assistance activities carried out during 2012 in the area of investment and enterprise for development are detailed in the Document TD/B/WP/253/Add.1 before you. These activities are articulated in an Investment for Development compact, supported in part, by a multi-year multi-donor trust fund for Capacity-building in Investment for Development, launched in 2011.

Today, I will limit myself to a presentation of the main features and impact of technical activities delivered since the last session of this working party in the framework of the Investment for Development Compact. I will, in doing so, refer whenever feasible to the long term outcome of our activities, which results from the implementation of what I call "RBM++" - result-based management that focuses not only on results but also on impact. This approach is elaborated in the 2013 Division on Investment and Enterprise Results and Impact Report, which provides detail on the logical frameworks of each of the Division on Investment and Enterprise's major programmes, as well as detailed evidence of the relevance, quality, effectiveness and impact of these programmes.

These results are also echoed by the relevant paragraphs of the document TD/B/WP/254 entitled "Evaluation of UNCTAD activities: Overview" (also before you), which refers to the independent evaluation of projects related to UNCTAD's Capacity-building programme in the area of FDI statistics and to Empretec and Business Linkages.

Distinguished delegates,

At the outset, allow me to give you a brief overview of the delivery under the Investment for Development compact. In 2012:

- The Division conducted some 50 seminars and workshops - totaling over 127 days of training;
- 4,970 participants benefited from these training activities (of which an estimated 30% were women);

- 81 ad-hoc advisory services were delivered to regional groupings and individual countries and 22 advisory reports were prepared;
- The Division was requested to organize and contribute to over 40 conferences and symposia;
- 24 national gateways and seven databases were maintained for the use of technical assistance.

In the same year, the Division on Investment and Enterprise provided assistance to 137 developing countries, among which number 46 African countries, 40 LDCs, 28 LLDCs and 15 SIDS.

Distinguished delegates,

At this stage of the presentation, allow me to thank all our donors and funding partners that contributed to these achievements in 2012. They were: Argentina, El Salvador, Finland, Germany, the Republic of Korea, Luxembourg, Morocco, Norway, Qatar, Romania, Sweden, and Switzerland. Let me also acknowledge the support received from other international organizations and international institutions such as the United Nations Development Programme, the International Monetary Fund, the Food and Agriculture Organization and the Islamic Development Bank.

As shown by the figures reported in UNCTAD's statistical table (Document TD/B/WP/253/Add.2), the rate of implementation - calculated as the ratio of expenditures to allotment - is close to 100% for projects in the area of investment and enterprise. Nevertheless, since the last session of this Working Party, the Division has received 52 additional requests for assistance - of which only 60% have been addressed so far, mainly due to the lack of funds for delivery. I therefore call upon the donor community to continue supporting our technical assistance activities through adequate funding to enable us to meet the growing demand for our services.

Distinguished delegates,

Let me now turn to the impact of activities carried out in the framework of the four clusters of the investment and enterprise development compact.

1. Impact of activities under the cluster on FDI trends and issues:

- **The World Investment Report (WIR)**

This flagship Report forms the basis for UNCTAD's value chain of services in support of capacity-building in investment for development. The Report provides a substantive framework for creating new technical assistance projects and updating the existing ones.

The WIR is a launchpad for major initiatives and capacity-building projects related to investment for sustainable development.

For instance, over the past year, several countries, including Djibouti, Lebanon, Mozambique, Tunisia and South Africa requested and benefited from advisory services on their investment frameworks and policies, based on the Investment Policy Framework for Sustainable Development (IPFSD) featured in the *WIR12 (Towards a new generation of investment policies)*.

Likewise, based on the *WIR09*, and following a request from the GA, UNCTAD developed, in collaboration with the FAO, IFAD and the World Bank a set of core principles for responsible investment in agriculture. The principles were pilot-tested in a dozen of countries in Asia and Africa, and UNCTAD is currently preparing a technical assistance report to disseminate relevant best practices and lessons learned to policy-makers and the business community.

The WIR 2010, which examined investment in a low-carbon economy, also led to the creation of a capacity-building project for Investment Promotion Agencies to help them attract green FDI in renewable energy, sustainable agriculture, and more energy efficient production.

As part of its capacity-building programme, UNCTAD also organizes workshops to disseminate the main results of the WIR, thereby helping policy-makers formulate development-oriented FDI policies. In 2012, over 1,000 participants attended such workshops, an indication of their relevance and value. Based on the success met by the recent workshops on IPFSD for SADC and South East Asian countries, the Division is currently organizing additional regional presentations for Latin America, South East Europe and the Pacific islands.

In light of the tremendous success met by the WIR13 - with over 1,000 press releases during the first month of its launch, almost 18,000 downloads in the past two months (51% of which were from developing countries), UNCTAD has already recorded a surge of additional requests for presentations.

- FDI statistics

UNCTAD continued to deliver training on its methodology in the collection and compilation of data on FDI and TNC activity. Feedback showed that these workshops contributed to enhance the understanding of government officials on FDI statistics, while, as a result of our assistance, a number of developing countries are now able to prepare their own investment reports. A concrete result that stemmed from technical support provided in the area of FDI statistics is the preparation of investment profiles of beneficiary countries, with 10 profiles published so far in 2013.

Part of UNCTAD's efforts in this area was carried out in the context of the development account project on "Support to decision-making and policy formulation on foreign direct investment in the context of the Millennium Development Goals and the Monterrey Consensus". The conclusions of the independent evaluators feature in the document TD/B/WP/254, paragraph 3 before you. They confirm the "relevance and importance of the involvement of UNCTAD ... and recognize its collaboration with regional partners". Noting the importance of the project's outcomes, including the finalization of a regional report and increased networking among stakeholders at both the national and regional levels, the evaluator stressed that the "establishment of national teams in charge of the annual survey in each country is an approach that is expected to contribute to sustainable efforts to organize and report on such surveys in line with good practice methods".

Whilst I concur with the recommendations formulated by the evaluator, in particular with regard to the design of training sessions and the development of joint cooperation with other development partners such as the IMF and the OECD, I should stress that their relevance hinges upon the availability of increased resources.

2. The Investment Policies cluster:

The successful launch in 2012 of the Investment Policy Framework for Sustainable Development (IPFSD) led to a significant increase in the number of technical assistance requests from member States that sought to benefit from the toolbox and its guidance.

- Investment Policy Reviews (IPRs)

Since the beginning of the current biennium, the Division finalized five IPRs for Bangladesh, Djibouti, Mongolia, Moldova and Mozambique. Five more reviews for Congo, Kyrgyzstan, the Philippines, Sudan, and Tunisia - all conducted using the IPFSD as a framework text - are at different stages of preparation. With regard to follow-up activities to published IPRs, technical assistance was carried out in a dozen countries in support of the implementation of their recommendations. Three Implementation Reports were also recently completed for Kenya, Lesotho and Rwanda, and two others are currently being finalized for Colombia and Zambia.

As you witnessed during the last session of the Commission on Investment, during which the IPRs Djibouti and Mozambique were presented, the reviews continue to generate commitment at the highest level, and their recommendations are endorsed by beneficiary governments. Indeed, the number of recommendations implemented by beneficiary governments, often with the assistance of UNCTAD, continued to register a steady increase. Evidence also shows that the reviews led to a significant improvement in the business climate - as demonstrated by the performance of IPR beneficiary countries in the World Bank's Doing Business Report. IPR recipient countries also experienced rising FDI inflows following the review process. This is further outlined in the document TD/B/WP/253/Add.1 before you.

The Division continues to receive requests for IPRs on a regular basis, which includes five new requests since the last session of this working party.

- International Investment Agreements (IIAs)

UNCTAD helps foster the sustainable development dimension of IIAs and assists developing countries to participate more effectively in international investment rulemaking. In the area of technical cooperation, a number of workshops were organized in 2012 to exchange views on the way forward for the IIA regime and best practices among IIA stakeholders. As a result, over 1,000 international investment practitioners benefited from training activities on various key and emerging issues, and on Investor State Dispute Settlement techniques. Feedback was excellent, with over 90% of the participants acknowledging that the courses contributed to improving their understanding of key issues and implications of IIAs. Furthermore, and as shown in the 2013 Division on Investment and Enterprise results and impact report, these training programmes have yielded input-output cost benefits that are more cost effective and create more value for money than benchmarked peer institution programmes.

Technical assistance also included the delivery of ad-hoc advisory services to countries on specific IIA negotiations, the development of model BITs, and input to the drafting of investment laws in a dozen countries and regions.

This assistance is based on ahead-of-the-curve research work carried out by the programme on topical issues, such as most recent developments on Investor-State Dispute Settlements, treaty renewal, or regionalism in international investment policy-making. In turn, field work also led to the development of specific analytical work, which provides another illustration of strengthened synergies among the pillars of UNCTAD's work. For instance and following assistance provided in the context of the IPR Djibouti, the Division recently upgraded its IIA mapping project, which pursues a systematic analysis of IIA texts, with the objective of mapping selected provisions of IIAs related to the IPFSD.

3. Impact of activities under the Investment Facilitation cluster:

The Division continued to meet increasing requests from developing countries for activities to strengthen their capacity to create and manage a policy and institutional framework for attracting and retaining foreign investment. These activities form part of our investment facilitation compact.

In 2012, the Division continued to promote best practices and techniques for attracting and facilitating FDI and the creation of new investment opportunities. Ad-hoc tailored advisory services were provided to several countries, such as - most recently Lebanon, Myanmar, and Nigeria. Since January 2012, training sessions were also delivered to over 1,100 investment promotion practitioners. Feedback received on these activities continued to be very positive. For instance, evaluation of the workshop on "the role of IPAs in seizing green investment opportunities" organized on the margins of the 5th session of the Commission on Investment for 50 senior government officers and representatives from 31 investment promotion agencies (IPAs) showed that the main objective of the workshop was reached and that 81% of the participants found the quality of presentations and discussions very good to excellent. In support of these training workshops, the Division is developing an online training package, and also continued the preparation of handbooks and toolkits from its Investment Advisory Series. These activities were complemented by the organization of the UNCTAD Investment Promotion Awards given in 2013 to the world's best agencies in promoting export-oriented foreign direct investment.

The Business Facilitation programme aims to assist developing countries to increase investment through the modernization and simplification of administrative procedures. Through UNCTAD's e-Regulation system, which has been rolled out in 22 countries, beneficiaries have reduced the costs and time it takes to set up a business (in some cases by up to 70 per cent). The reporting and simplification of

business procedures has also helped to increase transparency (the system receives 50,000+ visits a month) and promotes good governance and regional integration. For example, regional portals allow comparisons to be made between administrative procedures in Africa and Latin America. You may wish to refer to pages 26 to 28 of the DIAE's Results and Impact report for further information on the impact of this programme.

UNCTAD investment guides are also a key element of the compact. Since the last session of this working party, investment guides have been finalized for Burundi, Burkina Faso, Bhutan, Kenya, the Oriental Region of Morocco, Rwanda and Nepal. Several additional guides for Landlocked Developing Countries in East Africa, West Africa and Asia are at different stages of preparation. Over the past year, the programme has explored synergies with the eRegulations system, resulting in 7 country guides moving online. This halved the production cost of the guides, doubled the number of reports produced per year, and generated increased ownership from beneficiaries, who can more easily update the guides, as well as increased relevance for investors.

UNCTAD's technical assistance on the development dimension of intellectual property rights has significant impact through its programme on "Access to medicine, investment and local pharmaceutical production in developing countries". In this specific area, and at the request of member States, including Bangladesh, Egypt, Indonesia, Nepal or South Africa, UNCTAD provided advisory services on patent laws, with a view to lowering the price of medicine and making them available to the poor. Around 80 judges from various regions in Africa and South East Asia also benefited from training in the area of IP, public health and local pharmaceutical production.

4. Impact of activities under the Enterprise Development Cluster

- **Accounting and reporting**

UNCTAD launched in 2012 its Accountancy Development Tool (ADT) to contribute to the promotion of best practices in the area of corporate reporting with a special focus on capacity-building. 9 pilot projects were carried out in Brazil, China, Côte d'Ivoire, Croatia, Mexico, Russia, the Netherlands, South Africa and Viet Nam to test the ADT. Several national roundtables were conducted, involving key stakeholders to facilitate coordination and cooperation between the main agencies in the area of corporate reporting. As a result, several countries, building on the findings of the assessment exercise are developing national action plans to strengthen their accounting infrastructure. Further steps include the development of the ISAR e-ADT, the preparation of a policy toolkit

and, resources permitting, the testing of the ADT in the 15 additional countries that have requested to participate in the exercise.

In this area, let me also take this opportunity to remind you of the upcoming 30th anniversary of ISAR, which will address the key foundations for high-quality corporate reporting as its main agenda item. Special celebrations will include the convening of panels participated by governments officials and international experts at the highest levels as well as an UNCTAD-ISAR Foundation Workshop to discuss accounting and financial reporting needs of SMEs.

- Empretec programme

Established in 34 countries, the programme facilitated in 2012 the training of over 500 entrepreneurs, including a large proportion of women entrepreneurs. As shown in our 2013 DIAE Impact and Results Report, the programme has contributed to poverty reduction and other major development objectives. For instance, the MDG programmes in Panama and Vietnam helped to strengthen the capacities of rural entrepreneurs and the promotion of young entrepreneurs and women entrepreneurship. We also organize the Empretec Women in Business Awards, which are granted to women entrepreneurs who have benefited from Empretec and have excelled in developing innovative business ideas, providing jobs and increasing income.

Our assistance in the area of enterprise development is complemented by the Business Linkages programme, a multi-stakeholder initiative that builds linkages between SMEs and TNCs into sustainable business relationships in nine beneficiary countries.

The significant impact and relevance of the Empretec and business linkages programme is acknowledged in the document TD/B/WP/254 "Evaluation of UNCTAD activities: Overview", which reports on an independent evaluation of Empretec and Business Linkages activities in Tanzania and Zambia. Indeed, it was found that the two programmes "had high relevance for beneficiary governments and the donor countries and with the policy priorities of UNCTAD", and that they achieved "outstanding effectiveness". Likewise, the impact was significant since beneficiaries experienced "medium to large increases in employment and revenues". UNCTAD has also taken on board the suggestions related to the design of the country programmes, which will also be addressed by the implementation of the Entrepreneurship Policy Framework. Here again, the Secretariat shares the concerns raised by the evaluators regarding the sustainability of the operations, which very much depends on "continued funding of both programmes on a multi-year basis".

Distinguished delegates,

To sum up, the Division faces an increasing number of requests for assistance and, at the same time, fewer resources with which to respond to those requests. We call on the donor community for their continued support to enable us to continue our work at full capacity.

In the meantime, the Division has strengthened its services to member States, in particular through the development of key products, which form the backbone of capacity-building for investment for development. We have been able to meet the demands of member States and provide systematic support through the lens of the IPFSD in the area of investment; through the Enterprise Development Framework in the area of enterprise competitiveness and private sector development; and, through the Accountancy Development Tool in the area of transparency in corporate governance.

The second main focus of our work this year will be to mainstream a pro-poor perspective into our activities, to ensure that investment and enterprise work for sustainable and inclusive development. This can be supported through the leveraging of partnerships with other organizations and investor stakeholders, including our World Investment Network of 10,000 members. I am confident that the DIAE's strategic orientation, its leveraging of partnerships, and its use of a results based management-plus-plus approach will facilitate this endeavor.

Allow me once again, to reiterate my appreciation to our donors for their continuous trust and support for our activities. Our thanks also go to the beneficiary countries for their continuous confidence and cooperation; and to other regional and multilateral agencies for their partnership.

Thank you for your attention.