

**Opening Statement by  
Dr. Mukhisa Kituyi  
Secretary-General of UNCTAD  
6<sup>th</sup> Session of the Investment, Enterprise and Development Commission  
Geneva, 28 April 2014**

*AS PREPARED FOR DELIVERY*

Chairperson, [ ... ]  
Excellencies,  
Distinguished Delegates,  
Ladies and Gentlemen,

It is a great pleasure for me to welcome you to the 6<sup>th</sup> Session of the Investment, Enterprise and Development Commission.

This Commission addresses investment and enterprise issues identified by member States that are at the heart of inclusive and sustainable economic development. The focus of this year's agenda on the closely linked themes of entrepreneurship and innovation is particularly welcome, coming at a time with the international community is consumed by the debate on sustainable development goals for post-2015. Entrepreneurship and innovation have a key role to play in turning such sustainable development goals into reality for people worldwide. This Commission can contribute by identifying the policies that not only promote entrepreneurship and innovation, but also ensure they lead to broad-based and lasting economic development that is environmentally sustainable.

Experience in developing countries has shown that for economic growth to translate into lasting gains in reducing poverty and improving livelihoods, it must create decent employment through strengthened productive capacities. Many such jobs involve enterprise creation, especially in small and medium-sized companies.

In fact, recent research shows that SMEs provide two thirds of all formal jobs in developing countries in Africa, Asia and Latin America and up to 80 per cent in low income countries, mainly in LDCs. Start-ups, especially companies that grow quickly, are especially active in such job creation. Meanwhile, for those working in the informal economy, sometimes in micro-enterprises, policies to support entrepreneurship can help facilitate the transition to formal and less precarious employment.

A particular concern when looking at employment generation and inclusive growth is the current job crisis among young people. Developing countries are facing an employment time bomb as increasing numbers of young people come onto the labour market. The UN estimates that each year 121 million young people turn 16, of these 89 per cent will be searching for work in developing regions. As our background paper to this meeting notes, over 73 million young people were unemployed in 2013, an increase of 3.5 million since 2007.

This afternoon, the Commission's High-Level Segment will address the role of entrepreneurship and policy challenges specific to youth, building on lessons learned from the Empretec programme and through the lens of UNCTAD's recently developed Entrepreneurship Policy Framework. We are honoured to have High-Level participation in this event, which includes: H.E. Mrs. Roman Tesfaye, First Lady of the Ethiopia, H.E. Mr. Haruna Idrissu, Minister of Trade and Industry, Ghana and H.E. Mr. Laurent Serge Etoundi Ngoa, Minister of Small and Medium Enterprises, Social Economy and Handicrafts, Cameroon. They will be joined by leaders from the Child and Youth Finance International, the Commonwealth Secretariat, and Empretec Directors from Jordan and Uganda.

But as you are all aware, building entrepreneurship and domestic productive capacity in developing countries is not only about the number of jobs. It also concerns creating the conditions and links that allow domestic companies to integrate into the global economy through trade and investment. For example, taking full advantage of foreign direct investment depends on policies adopted across a wide range of areas. These include training, technology, industrial development and investor protection and incentives. Such policies can affect the degree to which local suppliers benefit from their links with trans-national corporations, or TNCs.

Ladies and Gentlemen,

In speaking of foreign direct investment, I would like to take the opportunity to express some cautious optimism about the latest trends. Following a decline in 2012, UNCTAD reported in January that global FDI inflows rose by 11 per cent last year, to an estimated US\$1.46 trillion. This level is now comparable to the pre-crisis average and reaches the upper range of UNCTAD's previous forecast, although it is still below the peak recorded in 2007.

Developing countries continued to attract most of this investment – at 52 per cent – despite concerns about a slowdown of growth in emerging markets. At the regional level, flows to Latin America and the Caribbean, and Africa were up; developing Asia, with flows at a level similar to 2012, remained the largest host region in the world. Developing countries are also becoming more active as foreign investors. TNCs from developing economies increased their investment abroad in 2013 to an estimated record level of US\$450 billion. Taken together with TNCs from

transition economies, they are also accounting for a larger share of mergers and acquisitions.

UNCTAD estimates that FDI will continue to grow in 2014 and 2015 as economic prospects improve in developed economies. However, concerns remain over fragility in some emerging markets which was foreshadowed by recent large withdrawals of portfolio investment. There are also risks regarding policy uncertainties in areas crucial for investor confidence, including investment regulations and restrictions.

With this in mind, the Commission's efforts to keep international investment and enterprise development on the global agenda are significant. Mobilizing private sector investment, both foreign and domestic, will be crucial in financing the post-2015 sustainable development goals. It is therefore imperative that countries and the international community find ways of boosting investment, by introducing measures to restore investor confidence and strengthening domestic economies, skills and incentives. This year UNCTAD's World Investment Report, will examine the potential contribution of the corporate sector to the financing of the SDGs.

Ladies and Gentlemen,

Closely tied in with investment and entrepreneurship are technology and innovation. These can help to embed economic development gains in an inclusive, lasting and environmentally sustainable way. They can address the multiple challenges faced in a world where about 2.5 billion people, or more than 40 per cent of the population, continue to live on less than 2 dollars a day. Such challenges include developing affordable ways to combat child mortality, extend water access, generate more productive jobs and cope with a changing climate. As

such, technology and innovation will play a crucial part in the post-2015 development agenda.

While innovation used to be considered the preserve of advanced economies, the landscape has changed markedly through the emergence of a number of developing countries as significant generators of technological knowledge and innovation. Policy discussions on innovation as a social force are becoming more wide-ranging, both in terms of content and geography. Again, this Commission has an important role in providing insights, sharing experiences and proposing solutions.

There are encouraging developments in the use of innovation and technology to improve livelihoods in developing countries. In addition to greater focus on inclusiveness in governments' innovation policies, the private sector is increasingly finding commercial opportunities in meeting the needs of those on low incomes. Mobile money is one example, with its high penetration rate in low-income countries. However, there remains untapped potential for private enterprises to create low-cost, functional and high-quality products in developing countries.

As discussions this week are sure to show, there is much scope for governments, the private sector, civil society and the research and academic community to work together in fashioning policies, institutions and programmes that promote technology and innovation for sustainable development. These can include innovation funds, incentive schemes and training, as well as stronger institutions. For example, in India, the Government is setting up an Inclusive Innovation Fund to support companies interested in serving low-income markets.

Ladies and gentlemen,

It is not my intention to touch on all the subjects that the Commission will cover this week. However, I would like to make special mention of the opportunity delegates will have to hear the experiences of three member States tomorrow and Wednesday. This will be through the presentation of the latest investment policy reviews for Bangladesh, Mongolia and the Republic of Moldova, in the presence of High-Level representation from all three countries. The IPR programme is one of UNCTAD's core technical cooperation activities and has been consistently solicited by member States since its first country review in 1999. Indeed, currently we have a backlog of countries who have requested for such reviews. We promise to work with all such countries to enhance the attraction of high quality FDI.

Let me wish you all productive, entrepreneurial and innovative discussions.

Thank you.