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Report of the Investment, Enterprise and Development Commission on its fifth session

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I. Agreed conclusions

(Agenda items 4 and 5)

1. Promoting entrepreneurship for productive capacity-building

(Agenda item 4)

The Investment, Enterprise and Development Commission,

Reaffirms the contribution of entrepreneurship to economic and social development and in this regard,

Acknowledges the secretariat's Entrepreneurship Policy Framework (EPF) as an important tool for productive capacity-building in national development policies and strategies. In line with the provisions of paragraph 65 of the Doha Mandate, the Commission *encourages* the secretariat to continue assisting developing countries, in particular least developed countries (LDCs) and economies in transition on the basis of the EPF methodology, and to further promote the exchange of best practices on enterprise development, including through Empretec and the business linkages programme,

Expresses its satisfaction for the presentation by the secretariat of the most recent trends and policies in the area of investment and enterprise for development and *requests* the secretariat to continue reporting and monitoring those trends and their impact on trade and development, taking into consideration the economic difficulties faced by the global economy and developing countries, in particular LDCs and economies in transition. In this regard, the Commission *notes* with appreciation the up-to-date information and ahead-of-the-curve analysis provided by the secretariat and *looks forward* to the forthcoming release of the 2013 World Investment Report. The Commission also *requests* that the findings of the report continue to be widely disseminated as a contribution to policy formulation and capacity-building,

Commends the programme of investment policy reviews (IPRs), and, taking note of the added focus on the development needs and priorities of beneficiary countries as noted in the Investment Policy Framework for Sustainable Development (IPFSD), *requests* the secretariat to further promote the use of the IPFSD, including as its framework for the IPRs and its follow-up mechanism, and *encourages* their implementation and support for the follow-up.

2. Investment, innovation and technology for development

(Agenda item 5)

The Investment, Enterprise and Development Commission,

Recognizes the importance of the development of a significant science, technology and innovation (STI) capacity for mobilizing gains from today's globalized and knowledge-based economy, and in this regard *requests* the secretariat to continue its assistance to developing countries, in particular LDCs and economies in transition, including policy-oriented work in making STI an instrument for supporting national development, competitiveness and export diversification, and *encourages* the implementation and support for follow-up of its work in this regard,

Expresses its satisfaction for the quality of the policy dialogue that took place concerning the issues of investing in technology and innovation, and *notes* the need to

develop STI policies, including STI-funding models, taking into account the national context and needs of developing countries,

Requests the secretariat to continue to facilitate the exchange of experiences and mutual learning about STI policies, including through its programme of publications, and to continue to conduct research on STI policies and to provide appropriate policy recommendations to accelerate the advancement of STI.

II. Chair's summary

A. Opening remarks

1. The Deputy Secretary-General of UNCTAD made the opening statement. Statements were also made by the following delegations: Ecuador on behalf of the Group of 77 (G-77) and China; the Islamic Republic of Iran on behalf of the Asian Group; Ethiopia on behalf of the African Group; Peru on behalf of the Latin American and Caribbean Group; the European Union; Hungary on behalf of Group D; Benin on behalf of the Group of Least Developing Countries (LDCs); and the Republic of Korea.

2. The Deputy Secretary-General highlighted a number of key issues in the areas of foreign direct investment (FDI), enterprise and private-sector development, and STI. In particular the Deputy Secretary-General underscored the weakness and uncertainty in the global economy and the premature end to the recovery in FDI flows. Consequently, the international community must work to mobilize FDI flows and facilitate greater private-sector development, including for entrepreneurship and small and medium-sized enterprises (SMEs), as part of a wider strategy to maintain global economic growth and ensure that it contributes to inclusive and sustainable development goals. The Commission therefore has a strong role to play in promoting policies that can support a renewed recovery in FDI, boost private-sector development and enterprise, and STI.

3. As forecast by the UNCTAD secretariat, FDI in 2012 fell by 18 per cent to US\$1.3 trillion – almost as low as its nadir following the global economic crisis. Although UNCTAD predicts that this figure will rise in 2013 and 2014, a renewed recovery in FDI flows is nonetheless contingent on several external factors. In addition, the secretariat also stressed the importance of bringing informal workers and businesses, which are estimated to represent almost a third of global gross domestic product (GDP), into the formal economy through support to private-sector development.

4. All delegations noted the importance of investment, in particular for sectors that have a significant impact on development, such as infrastructure. In this respect, it was of concern that FDI had fallen in 2012. Several regional groupings added that FDI by transnational corporations could help improve competitiveness, boost integration into international trade patterns through global value chains (GVCs) and provide an important pillar of regional integration. Several delegations highlighted the relevance of this year's *World Investment Report*, which will focus on the topic of GVCs and the trade-investment nexus.

5. All representatives expressed their support for UNCTAD assistance on investment policy formulation and implementation that promotes FDI geared towards the realization of sustainable and inclusive development goals. Towards this end, the recent UNCTAD IPFS was a useful contribution, including for international investment policymaking where it reinforces the assistance from UNCTAD on international investment agreements. Many member States also articulated their appreciation for the UNCTAD IPR process. Several countries declared their support for the assistance from UNCTAD on FDI statistics

and methodologies which have helped many member States to better inform their policymaking. Delegations also praised the UNCTAD Investment Policy Hub as a useful “single-window” for accessing information and data on investment policy trends and practice.

6. Several regional groupings emphasized the importance of enterprise development and the role of SMEs in the development process. However, representatives noted the problems faced by many SMEs in developing countries integrating into GVCs and that assistance from UNCTAD, including its Business Linkages Programme, is beneficial in this regard. Most delegations acknowledged the role of the recent UNCTAD EPF and the impact of its Empretec programme.

7. Several delegations referred to the expert group meetings, which fall under the scope of this Commission, and expressed their appreciation for the content and depth of the discussions. In this regard, several delegations noted the importance of analysing FDI and regional integration in the development process.

8. The Director of the Division on Investment and Enterprise gave a presentation on recent trends in FDI and investment policy. Noting the decline in official development assistance last year and the contrasting rise in trade and world output, it is cause for concern that FDI – which remains an important source of development capital – fell in 2012.

9. Nevertheless, FDI flows remained relatively resilient in developing countries, falling by only 3 per cent, and in some regions, such as Latin America and Africa, they increased. Whilst global outflows also fell, developing and transition economies achieved a record 34 per cent share. The Director highlighted the continuing cash glut which transnational corporations and sovereign wealth and pension funds are currently sitting on, amounting to many trillions of United States dollars; some of this could be used for productive investment.

10. With regard to investment policies, the Director of the Division on Investment and Enterprise highlighted the ongoing dichotomy between investment liberalization and investment regulation. Whilst there had been a sharp rise in the number of regulatory measures introduced by governments, the overwhelming trend in national investment policy was still towards liberalization. At the international level, UNCTAD reported a record increase in international investment disputes in 2012. Other trends, including the move from bilateral to regional negotiations, the inclusion of sustainability considerations in investment agreements, and the reassessment of international investment agreements by many countries will pose opportunities and challenges for the global investment regime.

11. The Deputy Secretary-General of UNCTAD also highlighted in his opening statement the importance the Secretary-General of UNCTAD gives to technology and innovation as major drivers of economic transformation and development. Fostering innovation has been an important strategic goal of economic policy in many advanced economies, and also of those developing countries that have been more successful in reducing poverty in recent years. Banks, capital markets and even some of the large firms are often not easily attracted to financing the risk of innovation and tend to underperform when it comes to financing potentially innovating projects. However, studies have shown that the social return of investments in research and development often far exceeds the private return. The Deputy Secretary-General therefore expressed the importance of advancing discussions during the Commission on policies and programmes to improve resource mobilization for investment in innovation.

12. Most delegations (the G-77, African Group, Asian Group, LDCs, the European Union) highlighted the importance attached to STI and its role as a key driver of growth and in promoting sustainable development. Several delegations were of the view that investment in innovation is important, including for the facilitation of technology transfer.

The recommendations stemming from the UNCTAD programme on STI policy reviews were considered most useful. Some delegations mentioned looking forward to the upcoming session of the Commission on Science and Technology for Development with great interest and the contributions made by the secretariat on the topic of STI therein. The need for an enabling and supportive international environment for the technological development of African countries was highlighted by the African Group. Moreover, the European Union considered that there was a need for cooperation between the private sector and research institutions in facilitating technological capacities in developing countries.

13. The G-77 highlighted the importance of the contributions of UNCTAD in the area of information and communication technologies (ICTs) and in particular the work concerning electronic trade. The Republic of Korea commended UNCTAD on the in-depth analysis and case studies in its recently published *Information Economy Report 2012* on the software industry in developing countries (and this delegation also announced that it has donated US\$40,000 to the *Information Economy Report* for 2013).

14. The Director of the Division on Technology and Logistics presented recent trends in STI policy for development and highlighted the work of the secretariat on issues of STI. Some of the major trends include the need to adjust innovation policy to tighter budgets, the increased importance of inclusive innovation policies, and the growing attention paid to “green innovation”. Another significant tendency is the increasing importance of some developing countries in the international science and technology scene. The latter may contribute to the development of South–South cooperation. The Director also mentioned the continuing relevance of ICTs as a major factor shaping overall trends in technology and innovation. The Director also touched upon the renewed interest of the international community in STI, which is reflected in the inclusion of these themes in discussions and intergovernmental processes, and the active engagement of UNCTAD in these discussions, especially in the Post-2015 Development Agenda and this year’s Annual Ministerial Review of the United Nations Economic and Social Council. To conclude, the Director of the Division on Technology and Logistics stressed the substantive policy research work carried out by UNCTAD in terms of creating a better understanding of these trends and what policy implications the work has for countries.

B. Reports of expert meetings

(Agenda item 3)

1. Report of the Multi-year Expert Meeting on Investment, Innovation and Entrepreneurship for Productive Capacity-building and Sustainable Development on its fourth session

(Agenda item 3(a))

15. The Vice-Chair-cum-Rapporteur of the Multi-Year Expert Meeting on Investment, Innovation and Entrepreneurship (28–30 January 2013), speaking on behalf of the Chair, presented the report of the session. The report highlighted the importance of investment in the regional context and the need to find ways to promote investment for sustainable development and inclusive growth. It was noted that the expert meeting was successful in highlighting the main features of the investment–trade nexus and contributed to the identification of ways and means to further promote investment for sustainable development and inclusive growth. Regional integration could be an important building block to foster international cooperation and spur multilateralism. In this context the UNCTAD IPFSD could provide a useful tool – first, to facilitate optimal regional policymaking and, second, to ensure that sustainable development objectives are prioritized in regional policies and international investment agreements at large. UNCTAD was

encouraged to carry out further research on conditions that could lead to balanced and sustainable outcomes based in the regional context.

16. The Commission took note of the report contained in document TD/B/C.II/MEM.4/3.

2. Report of the Expert Meeting on Assessing the Impact of Public–Private Partnerships on Trade and Development in Developing Countries

(Agenda item 3(b))

17. The Chair of the Expert Meeting on Assessing the Impact of Public–Private Partnerships on Trade and Development in Developing Countries (26–28 March 2013) reported the outcome of the meeting. The meeting focused on the role of partnerships between public and private sectors in GVCs and how such partnerships could contribute to sustainable growth and development. Experts highlighted key elements of such partnerships that could assist SMEs, particularly in developing countries. The meeting also focused on governance issues and how public–private partnerships were used to promote trade and corporate social responsibility and, in the process, enable SMEs to comply with global corporate social responsibility standards. The expert meeting provided opportunity for useful feedback on the ongoing UNCTAD Business Linkages Programme, for strengthened collaboration between the various Empretec centres present at the meeting, and facilitated valuable interaction with representatives from other United Nations agencies, such as the International Trade Centre, the International Labour Organization and the World Intellectual Property Organization.

18. The Commission took note of the report contained in document TD/B/C.II/EM.3/3.

C. Promoting entrepreneurship for productive capacity-building

(Agenda item 4)

19. Introducing the theme, the Director of the UNCTAD Division on Investment and Enterprise noted the great potential of entrepreneurship to increase national competitiveness and local absorptive capacities, to attract FDI and to ensure its positive multiplier effects. The UNCTAD secretariat highlighted that, since entrepreneurship policy contributes to national development goals, it should be holistic. To support this, the UNCTAD EPF, elaborated with inputs of experts from more than 100 countries, represents a tool to help countries design comprehensive entrepreneurship policies.

20. The Minister of Economy, Industry and Commerce of Costa Rica argued that in developing countries public policies were necessary to promote business creation as a tool for social and economic inclusion. Costa Rica's recent economic and export growth was the result of a thriving small-firm sector, now accounting for more than 30 per cent of GDP. The Minister mentioned that helping micro-firms expand to become small, medium sized, and eventually large exporting firms was one of the country's main priorities, particularly in regions beyond the capital. Costa Rica was one of the few developing countries that had already devised and implemented an integrated national entrepreneurship strategy and, with the support of UNCTAD, other countries might learn from its experience. The Minister also welcomed cooperation with the UNCTAD Empretec programme on a new project entitled "Design and implementation of an incubator for cultural enterprises in the city of Limon".

21. Noting with satisfaction that the EPF had been a successful outcome of the Accra Accord (paragraph 39(b)), the Minister of Trade and Industry of Ghana emphasized that the promotion of entrepreneurship was a key strategy for the country's transition to becoming a high middle-income country. Highlighting the important role of strong political leadership, the Presidency had appointed a Minister for Public–Private Partnership and Private Sector

Development. Other measures included the promotion of SME innovation and technology upgrading and building an entrepreneurial mindset, particularly with regard to encouraging the financial sector to better support SMEs. The Minister emphasized the need to develop the capacity of national institutions to support SMEs, especially those run by women and youth, and welcomed future cooperation with UNCTAD in this regard.

22. The Minister of Small and Medium Enterprises, Social Economy and Handicrafts of Cameroon stated that encouraging entrepreneurship had been a core national objective since 2004. After a thorough review, the country had taken new measures, including tailored incentives, the creation of a dedicated SME bank and a streamlined national investment charter. Noting the support given by the UNCTAD eRegulations Programme to create an online one-stop-shop registry, the Minister highlighted the need to encourage entrepreneurial skills and expressed his hope for the installation of the UNCTAD Empretec programme in the country. Reiterating the importance of political leadership, the Minister noted the recent creation of a dedicated Cameroon Business Forum to address challenges faced by SMEs chaired directly by the Prime Minister of Cameroon.

23. The Vice-Minister of Small and Medium Enterprises of the Dominican Republic reiterated that SMEs were at the heart of public policies for social inclusion and economic growth. The Vice-Ministry had been created under the Ministry of Industry and Commerce and a one-stop-shop platform enables SMEs to find in one place all the necessary information. Other initiatives will include regulatory reforms simplifying business start-up through the provision of dedicated financing and through increased access to public procurement, reserving at least 20 per cent of total procurement to SMEs. The Vice-Minister also affirmed his wish for further collaboration with UNCTAD in expanding the Empretec and business linkages programmes.

24. A representative of the Global Entrepreneurship Week (GEW) introduced the initiative. In 2012, 132 countries organized GEW to inspire participants to engage in entrepreneurial activity and connect them to potential collaborators, mentors and investors. Several Empretec centres served as national host organizations for the event. The GEW policy survey conducted in 2012, which involved 34 countries, had been organized to assess entrepreneurs' experiences with entrepreneurship policies in their countries. The Global Entrepreneurship Congress provided a platform for policymakers to exchange ideas and good practices for strengthening entrepreneurial ecosystems. In 2013, attended by more than 2,500 delegates from 132 countries, the Congress took place in Rio de Janeiro, and next year's edition is scheduled to take place in Moscow.

25. The winner of the Empretec Women in Business Award 2012, an entrepreneur from Panama, noted that a forum to review national entrepreneurship policies had recently been held in her country in collaboration with UNCTAD. Since then, measures had been taken to strengthen the Empretec centre in Panama and to improve the national ecosystem for SMEs. Such efforts and policies had enabled her company to shift from artisanal to export-focused production for food products based on gluten-free flour. Her case proved that aspiring entrepreneurs in Panama and beyond could achieve their dreams if appropriate policies and effective training were provided.

26. A representative of the Trade Promotion Agency of Viet Nam, Vietrade, emphasized the important role of the local UNCTAD Empretec centre in developing entrepreneurial skills in Viet Nam. Since Empretec Viet Nam was the first of its kind in Asia, the representative outlined the centre's plans for expanding its trainings to all provinces of Viet Nam and for becoming a hub for the region.

27. During the interactive debate a delegate from Mexico emphasized the importance of entrepreneurship for the inclusion of the poorest people into the formal economy. With SMEs accounting for 52 per cent of GDP and 63 per cent of employment, Mexico recently

complemented its previous support efforts with a dedicated entrepreneurship institute. A delegate from Ecuador commended the assembled Ministers for taking the time to share their countries' pioneering experiences in promoting entrepreneurship. With regard to the UNCTAD three pillars of consensus-building, research and technical cooperation, the delegate asked Ministers to elaborate on the role of international cooperation, and UNCTAD support in particular, in drafting and designing dedicated entrepreneurship policies. Citing a range of examples, the Ministers agreed on the importance of learning from good practices and expressed strong support for the UNCTAD EPF. Another theme tackled was the growing importance of emerging donors and of South–South cooperation.

D. Investment, innovation and technology for development

(Agenda item 5)

1. Investment Policy Review of Djibouti

28. The meeting considered the IPR of Djibouti (UNCTAD/DIAE/PCB/2013/1).

29. In his opening remarks, the Director of the Division of Investment and Enterprise of UNCTAD referred to Djibouti's invitation to undertake an IPR in support of its objective to become a regional hub for logistics, to put in place a strategy to increase and diversify FDI, and to maximize its contribution to sustainable and inclusive development. The Director emphasized the fact that the IPR is only the first step towards the objective of increased and more beneficial FDI. He reminded the audience that much of the value of the IPR lies in the implementation of the recommendations. He expressed the readiness of UNCTAD to accompany and support the Government of Djibouti during the implementation phase.

30. In his opening remarks the Minister of Commerce of Djibouti welcomed the IPR as an important contribution to the development of the private sector in his country. He underlined the Government's determination to continue reforming the business environment. He referred to recent improvements such as the ongoing process for adopting alternative dispute-resolution mechanisms, the simplification of procedures for starting business, the creation of a one-stop-shop, the establishment of the National Office for Industrial and Commercial property rights, the enactment of the High National Council of Public–Private Dialogue and the starting of the process for strengthening the National Investment Promotion Agency.

31. The Head of the Investment Policies Branch of the Division on Investment and Enterprise of UNCTAD presented the main findings and recommendations of the IPR of Djibouti. To address the problem of relatively limited FDI inflows in terms of sectors and home countries, the IPR proposes a five-dimensional strategy, namely (1) reforming the business environment, (2) improving governance and strengthening institutions, (3) investing in infrastructure, (4) strengthening human capital, and (5) targeting priority sectors for FDI promotion.

32. The National Investment Promotion Agency's Director General provided an overview of progress achieved by his country and the remaining challenges to be tackled. He stressed Djibouti's geopolitical location that would make it a natural logistical hub after all necessary developments are undertaken. He also referred to investment incentives for priority sectors and invited participants to contact the Agency for more information.

33. Delegates of other countries participating in the interactive debate all congratulated UNCTAD for the excellent quality of the IPR report. One delegate expressed his particular appreciation of the work of UNCTAD in francophone countries. Delegates unanimously congratulated Djibouti on the successful completion of its IPR, voiced their support for the IPR recommendations and advocated their implementation by the Government of Djibouti.

34. The representatives of the private sector also welcomed the IPR and its recommendations, expressed their appreciation of the significant progress made by the country in the past few years and the need to continue on the path of reforms. Such reforms, it was suggested, can then be benchmarked against international best practices. Reinforcing the message of the IPR, they called for a vigorous implementation of laws.

2. Investment Policy Review of Mozambique

35. The meeting considered the IPR of Mozambique (UNCTAD/DIAE/PCB/2012/1).

36. In his opening remarks the Director of the Division on Investment and Enterprise of UNCTAD praised the country's progress over the past decades in terms of attracting FDI that has contributed to the country's economic growth. The establishment of a large-scale aluminium smelter in the mid-1990s has had an important macroeconomic impact and has enhanced the country's image for further investment. Despite this progress, important challenges to socioeconomic development still need to be addressed, in particular in the areas of local industrial development, employment creation and poverty reduction.

37. The IPR recommended Mozambique to diversify FDI to smaller projects. The strategy proposed is centred around four orientations, namely (1) looking beyond mega-projects for economic growth and diversification, (2) supporting investment in areas where opportunities best match developmental needs, (3) maximizing the development impact of investments in mega-projects, mining and public-private partnerships, and (4) improving the effectiveness of investment promotion.

38. The Deputy Minister of Planning and Development of Mozambique welcomed the IPR as a vital document in the current economic context. She stressed that the recommendations will support the Government's efforts to improve the business environment and to attract more private investment to accelerate the social and economic development of the country. She stated that Mozambique has already started implementing a number of the recommendations of the IPR. The country welcomed the offer for further technical assistance and vowed to continue to work in partnership with the UNCTAD secretariat on the implementation of the IPR recommendations.

39. Member States recognized Mozambique's achievements in terms of the adoption of a modern competition law and of a new law on foreign exchange, accession to bilateral and regional trade agreements, and other market-oriented policies. They expressed their appreciation for the quality and depth of the analysis contained in the IPR. They called upon UNCTAD to continue its work under the IPR programme to ensure that the recommendations contained in the review are implemented through follow-up technical assistance. The delegation of a member State (Egypt) encouraged the Government of Mozambique to request UNCTAD to conduct an implementation report to the IPR in a few years' time.

40. Delegates pointed out the need for streamlining and simplifying licensing procedures and for adopting a business facilitation attitude in public administration. One delegation (Sweden) encouraged the Government to carry out such streamlining through the use of e-governance tools. The need to facilitate access to secure land titles was also highlighted by member States. Access to skills and the need to improve the regime for the entry of foreign talents was another issue brought up by several delegates.

41. The representatives of the private sector expressed their appreciation for the country's progress but called for more reforms. They noted, in agreement with the IPR conclusions, that the current regulatory environment penalizes SMEs and called upon the authorities to simplify regulations and to improve the predictability of the investment climate, as these are preconditions for the emergence of supplier linkages between smaller and larger firms.

3. Investing in innovation for development

42. The Director of the Division on Technology and Logistics opened the session and referred to technological upgrading and improved innovative capacity as driving forces of development. She said that policies on STI were critical components of successful development strategies. She noted, however, that in many developing countries low levels of investment in technology and innovation were a major constraint in technological upgrading and innovation capacities. She added that in addition to finance there were several other significant constraints such as inadequate research–industry linkages, weak human resources and others. The secretariat then presented its background note, emphasizing that innovation and technological learning were systemic issues that go far beyond research and development, and required a systems approach to policymaking. Financing was a key constraint holding back higher investment in innovation by developing countries, and the level of investment in innovation in developing countries (measured by the admittedly imperfect gauge of spending on research and development) was significantly lower than in developed economies, with rare exceptions (examples being China and the Republic of Korea).

43. Three panellists from the public and private sectors addressed the issue of investment in innovation and technology for development. The first one explained that the majority of financing gaps for innovation happened in the early stages of firm development. Policy interventions tended to emphasize the supply side of finance for innovation, which provide more easily demonstrable action. However, demand-side measures were becoming more important. In terms of seed and early-stage finance, many governments tended to focus on venture capital, although in some countries angel investing was estimated to be much larger than venture capital funding. Angel investors were more engaged in earlier phases and were more locally focused, often being entrepreneurs themselves. Equity investment was more problematic because equity investors required trading volume to provide exit possibilities. The growing importance of demand-side policies called for a fuller critical analysis of framework conditions, including regulatory issues. Policy needed to focus on leveraging, but not replacing, private funding by creating incentives on both demand and supply sides while leaving investment decisions to experienced professional investors.

44. Experts from the United Republic of Tanzania and Thailand provided an overview of their experiences with financing innovation while building STI capabilities and promoting socioeconomic development. The focus of research and development in the United Republic of Tanzania was on validating the usefulness of technologies locally and in improving value addition in agriculture. International cooperation was important in technology transfer but also in joint cooperation in research and innovation. Foreign financial support for STI needed to be matched with comparable national investment support awarded on a competitive and transparent basis. It was underscored that finance was not the only issue and other policies supporting innovative companies, for example incubators, were also important.

45. In Thailand, financing was a key element of the country's new STI policy. SMEs needed to increase local value added and move up from their position at the bottom of GVCs. In Thailand, investment to promote innovation was heavily targeted on infrastructure, especially in the development of science parks and business incubators. Human resources and talent mobility policies were also being developed. Enhancing firm competitiveness through joint public–private and interdisciplinary research and innovation were important policy objectives. Regulatory issues were important, including support for intellectual property management, including capacity-building and incentives for intellectual property registration and commercialization and intellectual property collaboration with public research institutions and universities.

46. In the discussion that followed delegates concurred with the view that increased investment in STI was needed, especially by the private sector. Many questions remained, including how to attract investment in STI and the nature and role of technology transfer in its support of innovation. It was suggested that developing countries should explore their own models of financing innovation. The involvement of universities in innovation was often a new development as many were established as uniquely educational institutions and policy efforts were needed to increase their involvement in innovation activities. Similar problems are faced by firms that are often hesitant to invest in research and development and innovative activities given the uncertainty involved and the challenges of operating in a developing-country environment. Governments needed to ensure that their involvement in funding innovation was increasingly matched by rising private-sector investment. It was unclear how long and how much public sector would be required to stimulate a more innovative economy.

47. The discussion suggested that there were issues of developing a critical mass of human resources and intellectual property that were needed to initiate innovation-led development. There was a suggestion that targeting 1 per cent of GDP for investment in research and development was a minimum to set innovation processes in motion. However, innovation finance programmes needed to be implemented within a broad innovation framework. Regarding technology transfer, the lack of spillover effects from FDI was a common problem for developing countries. Policymakers needed to evaluate what transfer and spillovers actually occurred. Linkages to the local economy and knowledge transfer were very important and the simple establishment of companies through FDI and their export impact were not sufficient on their own to stimulate development.

48. Delegates suggested that a two-pronged policy approach – bottom up and top down – should be central to policy development. Governments needed to look at financing in a way resembling more the view of venture capitalists: each innovation venture needed to provide an exit point where investors could recover their investment and redirect it to newer firms and start-ups. Likewise, universities needed to be more entrepreneurial in order to have a deeper involvement in innovation processes and to this end policy could affect the incentive structures through regulation and in particular through the use of intellectual property as an enabler.

49. Commercialization of research, in particular in small countries, was dependent on the relations between large and small firms and local academic institutions. While stock exchanges could play a role, only a small minority of innovative firms sought to be listed. Crowdfunding for innovation was an interesting new phenomenon that had potential, but a cautious approach was advisable.

E. Promoting and strengthening synergies among the three pillars

(Agenda item 6)

50. The Director of the Division on Investment and Enterprise reported on the progress made in promoting and strengthening the synergies among the three pillars of work of UNCTAD in the area of investment and enterprise development. His presentation was based on a report published on the occasion of this fifth session of the Investment, Enterprise and Development Commission and entitled the “Division on Investment and Enterprise Impact Report 2013” (UNCTAD/DIAE/2013/2), which describes the main achievements and impacts resulting from the delivery of the mandates received in Accra, and more recently in Doha.

51. The presentation focused on the significant achievements accomplished by the Division, thanks to the implementation of the principles of the “results-based management

plus” (RBM-plus), that is, a management focusing not only on results but also on the impact (medium- and long-term outcomes) of the activities carried out. The Director elaborated on the strategy adopted, explaining how the resources were allocated in an optimal manner to deliver a set of flagship products and core activities constituting “investment and enterprise policy advisory value chains”. He stressed that the delivery of the components of this value chain was based on four core principles: ahead of the curve, catalytic and demand driven and based on competences interventions. He noted that the approach had been acknowledged as best practice by independent auditors and evaluators, including the Office of Internal Oversight Services and the Joint Inspection Unit. He also presented a synthesis of the performance appraisal framework developed by the Division to illustrate the relevance, quality, effectiveness, efficiency and impact of its products and activities, which is featured in an appendix of the report. Lastly, and based on the report, the Director highlighted the main results with regard to their impact of each core product and activity delivered by the Division.

52. Delegations applauded the presentation of the report of the Division and acknowledged the progress made towards reporting on the impact of activities in the area of investment and enterprise as a result of the implementation of the Division’s RBM-plus focusing on impact. They invited the Division to continue to pursue this direction and to continue to disseminate the impact of its work for development as a result of the implementation of RBM-plus.

53. As a delegation requested further clarifications, in particular with regard to the application of a strengths, weaknesses, opportunities and threats (SWOTS) analysis to the work of the Division, the Director explained that the SWOTS exercise was regularly conducted for each core product and activity. In this context, he elaborated on the lessons learnt and the divisional mechanisms set up to address the risks that could derive from the operations of the secretariat, and provided concrete examples of application of these mechanisms. He also pointed to the main weaknesses of UNCTAD, that is the lack of field presence and the relatively low level of extrabudgetary resources, and explained how the strategic reorientation of the Division around three main axes (core product approach, information technology-enhanced approach, and networking-partnering approach) allows the weaknesses to be addressed. Commending the Division’s 2013 report for the quality of the analysis of UNCTAD activities in the area of investment and enterprise, another delegation noted that the topics of discussions throughout the week corresponded to priority considerations for her government. The representative highlighted the quality of the analysis conducted by the secretariat and the relevance of discussions and exchanges of best practices held throughout the week. For these reasons, the representative noted, her country was frequently associated with the activities carried out by the Division on Investment and Enterprise, such as the GEW and the IPR intergovernmental peer-review process. Referring to the latter, and more specifically to the presentation of the IPR Mozambique, the representative noted the relevance of the recommendations contained therein, in particular the focus on the development of infrastructure, the importance of attracting investment in the agricultural sector, and the role of good governance and transparency in creating an environment more conducive to attracting and benefitting from investment.

54. The secretariat also presented its annual activity report related to the areas of STI, including ICTs covering 2012 (detailed in the Division on Technology and Logistics Activity Report 2012: UNCTAD/DTL/2013/1) in accordance with paragraph 206 of the Accra Accord.

55. The Director of the Division on Technology and Logistics presented the work of the Division in the context of the three pillars framework with respect to STI. From a management perspective, the division had fully embraced the RBM framework. Measuring the broader impact of the Division’s work was essential. Monitoring, follow-up and

evaluation were important components to achieving this objective. Indicators for outreach quality and impact were developed during a recent retreat while the core objective was to strengthen an RBM culture in the Division.

56. Regarding research aspects, the Division continued work on its flagship publications *Technology and Innovation* and *Information Economy* as well as a number of current and one-off studies. The Director noted that the Division also prepares reports on STI-related issues for the United Nations Commission on Science and Technology for Development, of which UNCTAD is the secretariat. Current issues such as the importance of geospatial science in development, STI and urban growth, or broadband for an inclusive development have been recently examined.

57. The Division was involved in a large number of consensus-building activities, including the aforementioned United Nations Commission on Science and Technology for Development, as well as the World Summit on the Information Society, the United Nations Group on the Information Society and the Partnership for Measuring ICT for Development.

58. STI reviews were one of the major technical assistance activities undertaken by the Division in the STI area. Most recently, the Latin American cycle was well received where authorities are currently developing STI policies, such as in the case of El Salvador and Peru, for which STI Policy Reviews provided important inputs and guidance. A number of other important technical activities related to capacity-building in e-commerce legislation and technology and entrepreneurship were also under way. The Director concluded that demand for technical cooperation activities was increasing.

59. Reference was also made to the increased importance of STI in the intergovernmental processes. For instance, UNCTAD together with the World Intellectual Property Organization contributed to the work of the United Nations System Task Team on the Post-2015 United Nations Development Agenda by jointly leading the work on the preparation of a thematic think piece. UNCTAD also substantively contributed to the regional preparations for this year's Annual Ministerial Review of the United Nations Economic and Social Council, which has its primary focus the role of STI and the potential of culture for promoting sustainable development and achieving the Millennium Development Goals.

60. Delegations noted that investment for innovation was a particularly important issue and continued sharing of experience and best practice, as presented by the experts from the United Republic of Tanzania and Thailand during the Commission's session on financing in innovation, were useful and informative and it was important that policy analysis was matched with active implementation.

61. Regarding the STI Policy Reviews and in response to a question by one delegation (Indonesia) on how the secretariat ensured the implementation and follow-up of conclusions, the secretariat explained it could be involved in some follow-up (short-term-basis recommendation, training) but the follow-up on the reform of the institutional legal framework, or on innovation systems in specific sectors required financial means, or very specific competencies that the secretariat did not always possess. This required partnership with other agencies (as was the case for the follow-up of the STI Policy Review for Ghana).

F. Other business

(Agenda item 7)

62. The Commission decided to:

(a) Take note of the draft provisional agenda for the next, sixth session of the Commission without two substantive items 4 and 5 (see annex II) drawn up and submitted

by the UNCTAD secretariat to the Commission in accordance with Rule 8 of the Rules of Procedure of the Main Committees of the Trade and Development Board, and to submit the draft provisional agenda to the Trade and Development Board for consideration and adoption;

(b) Request the Trade and Development Board to consider and to adopt, upon the recommendation of the Bureau of the Board, at least six months in advance of the Commission's next, sixth session, two substantive items 4 and 5 of the draft provisional agenda for the sixth session of the Commission in accordance with paragraph 204 of the Accra Accord.

III. Organizational matters

A. Opening of the session

63. The fifth session of the Investment, Enterprise and Development Commission was opened at the Palais des Nations, Geneva, on 29 April 2013, by Mr. Leulseged Tadese Abebe (Ethiopia), Vice-Chair and Rapporteur of the Commission at its fourth session.

B. Election of officers

(Agenda item 1)

64. At its opening plenary meeting on 29 April 2013, the Commission elected the following officers to serve on its Bureau:

Chair:	H.E. Mr. Mikhail Khvostov (Belarus)
Vice-Chairs:	H.E. Ms. Marion Vernese Williams (Barbados) Mr. Thomas Fohgrub (Germany) Ms. Karen A. Glocer (United States of America) Mr. Anthony Nyame-Baafi (Ghana)
Rapporteur:	Mr. Pewan Jasim Ibrahim Zawitai (Iraq)

C. Adoption of the agenda and organization of work

(Agenda item 2)

65. At its opening plenary meeting on 29 April 2013 the Commission adopted the provisional agenda for the session (contained in TD/B/C.II/19). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Reports of expert meetings:
 - (a) Report of the Multi-year Expert Meeting on Investment, Innovation and Entrepreneurship for Productive Capacity-building and Sustainable Development
 - (b) Report of the Expert Meeting on Assessing the Impact of Public-Private Partnerships on Trade and Development in Developing Countries
4. Promoting entrepreneurship for productive capacity-building

5. Investment, innovation and technology for development
6. Promoting and strengthening synergies among the three pillars
7. Other business
8. Adoption of the report of the Commission to the Trade and Development Board

D. Adoption of the report of the Commission to the Trade and Development Board

(Agenda item 8)

66. At its closing plenary meeting, the Commission authorized the Rapporteur, under the authority of the Chair, to finalize the report after the conclusion of the meeting. The report would be submitted to the Trade and Development Board.

Annex I

Attendance*

1. Representatives from the following States members of UNCTAD and members of the Commission attended the session:

Afghanistan	Kenya
Albania	Kuwait
Andorra	Latvia
Angola	Lesotho
Austria	Lithuania
Bangladesh	Madagascar
Barbados	Malaysia
Belarus	Mali
Belgium	Mauritius
Belize	Mexico
Benin	Montenegro
Bhutan	Morocco
Bosnia and Herzegovina	Mozambique
Brazil	Myanmar
Bulgaria	Namibia
Burundi	Nepal
Cameroon	Nigeria
Canada	Oman
Cape Verde	Pakistan
Chad	Panama
China	Peru
Colombia	Portugal
Congo	Republic of Korea
Costa Rica	Republic of Moldova
Côte d'Ivoire	Russian Federation
Djibouti	Saudi Arabia
Dominican Republic	Senegal
Ecuador	South Africa
Egypt	Spain
Equatorial Guinea	Sweden
Ethiopia	Switzerland
France	Togo
Ghana	Tunisia
Grenada	Turkey
Hungary	United Arab Emirates
Iceland	United Kingdom of Great Britain and Northern Ireland
India	United States of America
Indonesia	Vanuatu
Iran (Islamic Republic of)	Venezuela (Bolivarian Republic of)
Iraq	Viet Nam
Ireland	Yemen
Jamaica	Zambia
Japan	Zimbabwe
Jordan	
Kazakhstan	

* This attendance list contains registered participants. For the list of participants, see TD/B/C.II/INF.5.

2. The following intergovernmental organizations were represented at the Commission:
 - African, Caribbean and Pacific Group of States
 - African Union
 - European Union
 - Organisation Internationale de la Francophonie
 - Organization for Economic Cooperation and Development
 - Organization of Islamic Cooperation
 - Pacific Islands Forum Secretariat
3. The following specialized agencies were represented at the Commission:
 - World Bank
 - World Trade Organization
4. The following United Nations organs, bodies and programmes were represented at the Commission:
 - International Trade Centre
 - United Nations Environment Programme
5. The following non-governmental organizations were represented at the Commission:
 - General category*
 - International Organization of Employers
 - Special category*
 - World Association of Investment Promotion Agencies

Annex II

Draft provisional agenda for the sixth session of the Investment, Enterprise and Development Commission

1. Election of officers
 2. Adoption of the agenda and organization of work
 3. Reports of expert meetings
 4. (Refer to section F, Other business, paragraph 62 of the current report)
 5. (Refer to section F, Other business, paragraph 62 of the current report)
 6. Promoting and strengthening synergies among the three pillars
 7. Other business
 8. Adoption of the report of the Commission to the Trade and Development Board
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**Report of the Investment, Enterprise and
Development Commission on its fifth session**

Corrigendum

Chapter II, section B. 1

For the existing report title *substitute*

Report of the Multi-year Expert Meeting on Investment, Innovation and Entrepreneurship
for Productive Capacity-building and Sustainable Development on its first session