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**Trade and Development Board**  
**Investment, Enterprise and Development Commission**  
Tenth session  
Geneva, 3–6 December 2018

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

Held at the Palais des Nations, Geneva, 3 to 6 December 2018

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## I. Agreed conclusions

### A. Investment and entrepreneurship for development

(Agenda item 4)

*The Investment, Enterprise and Development Commission,*

1. *Notes* with concern that foreign direct investment flows have not yet recovered to pre-crisis levels and declined significantly both in developed and developing regions while investment remained the major source of financing for development;

2. *Requests* the secretariat to continue to analyse the most recent global trends and policies in the area of investment and enterprise for development and calls on the secretariat to continue reporting and monitoring those trends and their impact on development;

3. *Acknowledges* the policy frameworks of UNCTAD in investment and enterprise for sustainable development, for example the Investment Policy Framework for Sustainable Development, the Action Plan for Investing in the Sustainable Development Goals, the Reform Package for the International Investment Regime, the Entrepreneurship Policy Framework and the Accounting Development Tool; and encourages UNCTAD to further promote their use with a view to enabling investment for sustainable development;

4. *Acknowledges* the role of the investment policy reviews and the follow-up implementation as an essential tool to support countries' progress towards the Sustainable Development Goals and congratulates Cabo Verde and Lebanon for the successful intergovernmental deliberation of their investment policy reviews. Requests the secretariat to continue presenting the reviews in an intergovernmental context to further the exchange of best practices and calls on partners to financially support the programme;

5. *Calls upon* the secretariat to further assist member States with their strategies, policies, tools and sharing of best practices to promote and facilitate investment, particularly foreign direct investment in support to development, including through its work on international investment agreements, investment promotion and facilitation, investment guides and business facilitation programme;

6. *Commends* the in-depth policy research and analysis conducted by the UNCTAD secretariat on investment and enterprise development and its innovative work on emerging issues, including the *World Investment Report*, and looks forward to the 2019 Report and its widest dissemination;

7. *Reiterates* the importance of foreign direct investment and private sector development in achieving the Sustainable Development Goals, as well as the pivotal role of the World Investment Forum in providing a universal and inclusive platform for addressing key and emerging challenges for sustainable development;

8. *Encourages* further cooperation with relevant United Nations regional commissions with regard to public-private partnership as a means to support investment and enterprise for development;

9. *Commends* the existing work on investment agreements and investment policies that promotes a better understanding of issues related to international investment agreements and their development dimensions and encourages the UNCTAD secretariat to continue to holistically undertake issues related to such agreements, including its existing programme of meetings and consultations with member States;

10. *Commends* the UNCTAD secretariat for organizing a very successful World Investment Forum 2018 and welcomes with appreciation its outcomes and stresses their relevance for financing the 2030 Agenda for Sustainable Development. Acknowledges the importance of continuous dialogue between the international community and private business on the matter of investing in achieving the Sustainable Development Goals;

11. *Underscores* the important role of the Ambassadors' round table on investing in the Sustainable Development Goals as a platform for connecting all Geneva-based international organizations, the private sector and civil society on the matter of Sustainable Development Goal financing and investment and encourages the UNCTAD secretariat to take concrete steps, in consultation with member States, in order to facilitate such a process before the eleventh session of the Investment, Enterprise and Development Commission in 2019;

12. *Reiterates* that entrepreneurship is one of the most important drivers of job creation, economic growth and inclusive development and takes note of the draft resolution on entrepreneurship in support of sustainable development before the General Assembly (A/C.2/73/L.35/Rev.1)<sup>1</sup> and of the specific mention made of the Empretec Programme therein, and welcomes the development of entrepreneurship development strategies targeted to special population groups, such as women, youth and young people, and requests the secretariat to continue the implementation and strengthening of related capacity-building programmes, including the Empretec and Business Linkages programmes and encourages partners, in a position to do so, to financially support these programmes.

## **B. Science, technology and innovation for enterprise development**

(Agenda item 5)

*The Investment, Enterprise and Development Commission,*

1. *Reaffirms* the role of UNCTAD supporting developing countries to participate effectively in international discussions on access to technology and knowledge sharing, and to identify policy options and best practices, in accordance with paragraphs 38(f) and 45 of the Nairobi Maafikiano;

2. *Reaffirms* the critical role of science, technology and innovation in harnessing development opportunities, including those created by the digital economy; the importance of the role of national, regional and international frameworks for the use of new technologies; and the need to support the growth, advancement and evolution of innovation capabilities of enterprises, including through capacity-building programmes, especially for those enterprises with a higher potential to contribute towards achieving the Sustainable Development Goals, such as providing a means to create employment opportunities and empower women and youth;

3. *Recognizes* that financing and investment play fundamental roles in technological change and innovation, and that substantial mobilization of public and private resources is necessary to enable innovative enterprises to effectively leverage the opportunities created by the digital economy;

4. *Expresses* its satisfaction with the work of UNCTAD in the research pillar relating to science, technology and innovation and information and communications technology, including the publication of the flagship *Technology and Innovation Report 2018* which contributes to the policy dialogue on frontier technologies and sustainable development;

5. *Welcomes* the forthcoming launch of the rebranded *Digital Economy Report 2019*, with a view to supporting the policy discourse on digital entrepreneurship, to enhance the understanding of policy choices in the fast-moving area of e-commerce and the digital economy, particularly in developing countries;

6. *Reaffirms* the need for substantive work on matters of science, technology and innovation for development in the intergovernmental pillar of the work of UNCTAD, including at the Trade and Development Board as appropriate, to address policies to effectively harness science, technology and innovation for more inclusive and sustainable development, and to close the digital divide within and among countries;

<sup>1</sup> Adopted by the General Assembly on 20 December 2018 as resolution 73/225 on entrepreneurship for sustainable development.

7. *Acknowledges* the importance of the UNCTAD E-commerce Week for initiating and stimulating dialogue and consensus on key aspects of the digital economy and its development dimensions, including through regional events such as Africa E-commerce Week, which focuses on the unique requirements of local and regional contexts, to ensure that the evolving digital economy brings inclusive development and prosperity for all;

8. *Commends* UNCTAD technical assistance work in the area of science, technology and innovation, and information and communications technologies, including the science, technology and innovation policy reviews, national e-commerce strategies and the UNCTAD rapid eTrade readiness assessments for the least developed countries, and encourages partners to further support those activities;

9. *Encourages* the secretariat to continue to implement rapid eTrade readiness assessments for all interested developing countries;

10. *Invites* the secretariat to explore ways to mobilize additional resources to enhance the reach of its activities related to the digital economy;

11. *Welcomes* the active role of UNCTAD as co-leader of the Inter-Agency Task Team of the United Nations Technology Facilitation Mechanism, and its substantive support to the capacity-building work of the Inter-Agency Task Team;

12. *Invites* the UNCTAD secretariat to continue its collaboration with the Technology Bank for the Least Developed Countries in the delivery of advisory services and capacity building in science, technology and innovation policy and to extend it to areas such as increased electronic trade readiness in the least developed countries;

13. *Requests* the secretariat to continue its work to facilitate consensus-building through the exchange of experiences and mutual learning about science, technology and innovation policies for inclusive and sustainable development; to keep the Commission informed of evolving best practices in this field; to continue cross-fertilization with its work for the Commission on Science and Technology for Development; and to incorporate such best practices in technical cooperation and capacity-building activities in science, technology and innovation policy.

*Closing plenary meeting  
6 December 2018*

## **II. Chair's summary**

### **A. Opening statements**

1. In his opening speech, the Secretary-General of UNCTAD said that investment had been stagnant since the onset of the global financial crisis of 2008–2009. Further, foreign direct investment (FDI) flows had not been immune to the consequences of the retreat from globalization. In 2017, global FDI fell by 23 per cent, a downward trend that had continued in 2018, with flows in decline across all regions.

2. Supporting global investment for sustainable development was a key consideration for all. The ambitious agenda of the Sustainable Development Goals was challenging, even without the current threats to the global economy and multilateralism. The weak investment climate was of particular concern because investment by multinational firms in global value chains was one of the driving forces of the global economy. To meet the Goals, it was necessary to bridge the current investment shortfall in developing countries. Public–private partnerships could play a pivotal role in doing so, and UNCTAD worked hard to engage the private sector in contributing to their achievement.

3. Several representatives noted that FDI had fallen by 41 per cent during the first half of 2018. Based on the current investment climate, there was a renewed need to increase multilateralism and partnerships to counteract the decline in FDI and promote investment.

4. Many delegations expressed their appreciation for the UNCTAD programme of work on investment and enterprise for its high quality of analysis, relevance and impact in helping developing countries advance the achievement of the Sustainable Development Goals, in particular with respect to the six core frameworks in support of investment and enterprise policymaking across the three pillars of work. In addition, UNCTAD conducted important research and analysis of FDI flows and investment trends, for example through the *World Investment Report 2018*, which offered a useful analysis of new industrial policies from the perspective of investment. Investment policy reviews and follow-up implementation reports provided helpful recommendations, accompanied by technical assistance, which helped countries advance sustainable development priorities. UNCTAD capacity-building programmes, including in the area of investment promotion, enterprise development and accounting and reporting, also helped countries to develop bankable Sustainable Development Goal projects.

5. In the area of international investment policymaking, UNCTAD provided valuable support to the development-oriented reform initiatives of the international investment regime, as well as assistance to member States. Two member States urged UNCTAD to continue its work in this area.

6. The work programme also had an impact on enterprise development, especially with regard to the quality and relevance of the Empretec programme and the Entrepreneurship Policy Framework in providing guidance to member States to enhance their competitiveness.

7. The 2018 World Investment Forum had been a resounding success, marked by high-quality discussions, opportunities to engage with the private sector, the participation of multiple stakeholders, and special events and initiatives, notably on climate and gender.

8. Concurring with the delegates, the Director of the Division on Investment and Enterprise said that the Forum was characterized by strong attendance, which included high-profile participants and a broad spectrum of stakeholders, making it the leading global investment-development stakeholder gathering. This was an indication that the Forum was a platform that fostered dialogue, which led to policy proposals and tools to help member States go forward in their implementation of the Sustainable Development Goals.

9. With regard to general investment trends, he said that investment flows had remained below the peak of 2007. The sharp drop in FDI flows during the first half of 2018 had been caused in large part by earnings repatriations of United States multinational enterprises in the wake of tax reforms; the decline had not been attributable to investment flows associated with mergers and acquisitions or real-asset intentions. Investment policy trends showed a rise in investment restrictions and regulations. As at the end of October 2018, the number of international investment agreements stood at 3,339 – the lowest level since 1988 – with effective treaty terminations almost equalling new treaty conclusions. Enterprise development had seen considerable growth in business start-ups in 2017; it was estimated that 12.5 per cent of the working age population in surveyed countries had either started a business or was in the process of doing so. The gender gap in entrepreneurship also appeared to be narrowing.

10. With regard to financial and non-financial reporting, he said that the number of Governments that applied International Public Sector Accounting Standards was set to grow more than sixfold over the next five years.

11. The Director of the Division on Technology and Logistics suggested that in future discussions on the intergovernmental machinery of UNCTAD, member States could consider changing the name of the Investment, Enterprise and Development Commission to reflect the technology and innovation component of its mandate and raise awareness of this important aspect of UNCTAD work.

12. The Division on Technology and Logistics in 2019 had launched the latest edition of the *Technology and Innovation Report*, which focused on frontier technologies for development. The report had been presented at the General Assembly, where it had been commended by the President of the Assembly for its people-centred analysis and presentation of the challenges and opportunities for firms and policymakers. To date, the

Division had conducted 15 rapid eTrade readiness assessments. In 2018, it had prepared the e-commerce strategies of Oman and Rwanda and would soon taking on such a project for Botswana. Several countries – Botswana, Lesotho, Panama, Sri Lanka, and Zambia – had put in requests for science, technology and innovation (STI) policy reviews, and reviews in Ethiopia and Uganda were under way. The Director thanked the Commission for the guidance provided for the new methodology for the reviews under completion.

13. In addition, the Division had recently organized several capacity-building events and workshops, including in collaboration with the Government of China.

14. UNCTAD was interacting with the United Nations Entity for Gender Equality and the Empowerment of Women to build further synergies between the Commission on Science and Technology for Development and the Commission on the Status of Women and would engage in discussions on the role of STI in the gender issue and Sustainable Development Goal 5.

## **B. Reports of expert meetings**

(Agenda item 3)

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

(Agenda item 3(a))

15. The Commission took note of the report contained in document TD/B/C.II/MEM.4/18.

### **Report of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting on its thirty-fifth session**

(Agenda item 3(b))

16. The Commission took note of the report contained in document TD/B/C.II/ISAR/87, endorsed the agreed conclusions of the Group of Experts in the report and approved the provisional agenda that the Group of Experts had proposed for its thirty-sixth session.

## **C. Investment and entrepreneurship for development**

(Agenda item 4)

### **Investment policy review: Cabo Verde**

17. The meeting considered the investment policy review of Cabo Verde (UNCTAD/DIAE/PCB/2018/2).

18. In his opening remarks, the Director of the Division on Investment and Enterprise of UNCTAD outlined recent trends in FDI in Cabo Verde and highlighted its role in transforming the country's economy. After graduating from least developed country status in 2007, Cabo Verde had undertaken reforms to offset the loss of official development assistance and related trade preferences and to lessen the impact of the global financial crisis. Key drivers to further diversify the economy through FDI included strategic location, comparative advantages in tourism and fisheries, large diaspora networks and a stable political and policy environment. He commended the Government for engaging in serious efforts to reform the business environment, yet called for a more proactive policy approach to leverage investment and steer it towards the achievement of the Sustainable Development Goals.

19. The Minister of State, of Parliamentary Affairs and of the Presidency of the Council of Ministers and Minister of Sports of Cabo Verde said that the review was a strategic document that would guide policy reforms. Its recommendations would assist Cabo Verde in reaching its objectives, notably in terms of sustainable and inclusive economic growth, as well as job creation. A recent government plan had been released to carry out reforms with a view to increasing benefits from tourism. In line with the review, recent measures had

been adopted to further improve the business environment. These included the promotion of a financial ecosystem made up of institutions focused on enhancing access to credit for small and medium-sized enterprises (SMEs); the establishment of a competitiveness unit; institutional reforms to improve Government services delivery; the adoption of business facilitation measures, including for start-ups; business registration; access to electricity and simplified tax payments.

20. The President of Cabo Verde Trade Invest outlined the country's comparative advantages and potential for FDI attraction. Commenting on the challenges faced by her country, she said that a new strategic plan for Cabo Verde Trade Invest had been developed. The plan took into account the recommendations stemming from the review, in particular those regarding investor targeting, aftercare services and policy advocacy. The President gave an overview of policy priorities on investment and export promotion, including for the tourism sector, and stressed the importance of economic diversification.

21. Highlighting a range of measures and reforms being undertaken to improve competitiveness and attract FDI, the Special Adviser to the Prime Minister of Cabo Verde stressed the timeliness of the review to help move forward in those endeavours and said that the Government stood behind its commitment to implementing the recommendations.

22. The Head of the Investment Policies Branch of UNCTAD said that some of the benefits of FDI had not be broadly shared due to poor connectivity and unequal development between the islands, lack of diversification and limited linkages between foreign investors and local firms, despite its overall positive effects in Cabo Verde. There was a need for further policy reforms, including the re-examination of the use of investment contracts, and the adoption of a more balanced approach between investment promotion and protection. The strategic approach to policies, tools and initiatives was useful in maximizing the sustainable development impact of FDI in tourism, and it was important to develop new segments of the tourism industry, such as business, culture and adventure. In addition, there was a need to improve environmental and social sustainability, enhance entrepreneurship policies and strengthen linkages with local suppliers to create jobs and contribute to more balanced economic and social outcomes.

23. All delegations, including those representing some international organizations, commended Cabo Verde for undertaking the review. They recognized the country's many opportunities and the efforts made by the Government and encouraged it to implement the recommendations with UNCTAD assistance. Some delegates praised the openness of the regime of Cabo Verde as a driver of investor attractiveness. Many delegates highlighted the pivotal role played by UNCTAD in providing technical assistance in the area of investment for sustainable development and highlighted the relevance of the findings and recommendations of the review. One delegate described the successful partnership with Cabo Verde on budget support and development assistance in areas linked to investment policy, and another shared the experience of his country as a partner to develop tourism and transport infrastructure.

24. A representative of the private sector commended Cabo Verde for taking steps to improve its business environment and highlighted the importance of measures needed to stimulate private sector development, as underlined by the review.

25. The Ambassador and Permanent Representative of Cabo Verde to the United Nations Office in Geneva and the Minister of State, of Parliamentary Affairs and of the Presidency of the Council of Ministers and Minister of Sports, thanked UNCTAD and all delegates for the review and their contribution to the presentation and reiterated the Government's commitment to implement the recommendations in order to enhance the business environment.

26. The secretariat said that it was fully committed to helping Cabo Verde implement the recommendations of the review and invited development partners to lend their support.

#### **Investment policy review: Lebanon**

27. The meeting considered the investment policy review of Lebanon (UNCTAD/DIAE/PCB/2017/11).

28. In his opening statement, the Secretary-General of UNCTAD said that, despite significant challenges such as the regional context, FDI inflows to the country had proven

resilient. This could be attributed to the country's openness to trade, strategic location, strong local private sector and quality of education. He commended the Government of Lebanon for its efforts to improve the trade and investment climate, and stressed the relevance of the investment policy review to further pursue the reforms. Implementing the recommendations of the review could have a transformative effect on the type of investment attracted and on job creation, thus helping the country to achieve its national development objectives and the Sustainable Development Goals.

29. In his commendation of the review, the Ambassador and Permanent Representative of Lebanon to the Office of the United Nations at Geneva and President of the Trade and Development Board of UNCTAD highlighted the successful cooperation between UNCTAD and the Government of Lebanon in the preparation of the report. Endorsing the recommendations on behalf of his Government, he said that the review was the first step towards reform and that its findings would be valuable when designing national policies. The Government was strongly committed to implementing the recommendations of the review.

30. A representative of the Investment Development Authority of Lebanon presented the main challenges in attracting FDI. He said that the review highlighted not only the challenges faced by the country, but also its potential. Steps had been taken to start implementing the recommendations set out in the review, including two action plans aimed at digitizing government services and facilitating business procedures.

31. Summarizing the main findings and recommendations of the review, the Director of the Division on Investment and Enterprise described the solid FDI performance of Lebanon since the mid-1990s, and its resilience in the aftermath of the financial crisis of 2008. Youth unemployment and energy shortages were among the main social and economic challenges that the country needed to overcome. Key constraints in the legal and regulatory framework for investment included a series of restrictions in the area of FDI entry, business establishment delays, weaknesses in the competition and labour regimes, and limited institutional capacities affecting the implementation of the regulatory framework. The review presented a strategic approach for investment promotion and its application to information and communications technology (ICT) sectors and ICT-enabled sectors.

32. Another representative of the Investment Development Authority of Lebanon said that the Government had, in observance of recommendations set out in the review, adopted electronic governance tools such as e-transaction laws and initiatives to facilitate the establishment of businesses.

33. There was broad consensus among the delegates about the excellent quality of the analysis, findings and recommendations of the review. They commended the Government of Lebanon for undertaking the review and taking steps to improve the business environment, including through the implementation of e-governance reforms, and for its resilience in attracting FDI. Several delegates highlighted their willingness to nurture cooperation with Lebanon, including in different areas of the investment environment. Some representatives requested that UNCTAD lend technical assistance to their countries and expressed their readiness to undertake a new review or if completed, to assess its impact by means of an implementation report. In addition, there was a need for development partners to continue supporting these efforts.

34. Some representatives of international organizations and of the private sector lauded the review as one that identified the bottlenecks hampering the FDI potential of Lebanon and indicated their willingness to continue assisting Lebanon in improving the investment environment. Further, the review should serve as key reference for future projects. One speaker endorsed the recommendation that FDI restrictions should be aligned with a country's development objectives.

35. In their closing remarks, the representatives of the Government of Lebanon noted the alignment between its priorities and the recommendations contained in the review.

36. The Director of the Division on Investment and Enterprise said that the UNCTAD secretariat was committed to supporting Lebanon in its efforts to attract investment for sustainable development and would continue to assist the country in implementing the

recommendations of the review through technical assistance and advisory services, and encouraged development partners to support the Government's efforts.

#### **Panel on the follow-up of the World Investment Forum 2018**

37. A panel composed of permanent representatives to the United Nations Office and other International Organizations on the outcomes of the 2018 World Investment Forum and possible follow-up discussed how investment and enterprise development policies could contribute to achieving sustainable development objectives. This event responded to the need expressed at the closing ambassadors' round table at the Forum for continued engagement at the level of permanent representatives through the establishment of a platform connecting all Geneva-based international organizations, the private sector and civil society on the matter of Sustainable Development Goal financing and investment.

38. The Director of the Division on Investment and Enterprise said that the key role of the Forum was to unlock financing for sustainable development through investment and entrepreneurial activity. He said that the outcomes of the Forum directly contributed to the strategy of the United Nations Secretary-General to further the 2030 Agenda for Sustainable Development. The Forum, whose discussions were guided by UNCTAD policy frameworks such as the Investment Policy Framework for Sustainable Development and the Entrepreneurship Policy Framework, contributed to the first objective of the strategy, that of aligning global economic policies and financial systems with sustainable development. Similarly, the launch of a toolbox for financing the Sustainable Development Goals and the convening of the Sustainable Stock Exchanges initiative contributed to an understanding of the current environmental, social and governance challenges and their importance for finance. The launch of an updated package for the reform of the international investment regime to improve global investment governance contributed to the second objective of the strategy, to enhance sustainable financing strategies and investment at the regional and country levels. The Forum also yielded the formulation of a plan of action for the international community of Geneva to support the financing of the Sustainable Development Goals. The Forum sought to facilitate achievement of the third objective of the strategy, equitable access to finance, by discussing how to promote investment in the least developed countries and landlocked developing countries, by launching a policy guide on entrepreneurship for migrants and refugees and considering new forms of finance, such as blockchain and green finance.

39. The panel commended UNCTAD for the success and impact of the Forum and its relevance to the sustainable development agenda. Many delegations expressed appreciation for the value of its work and renewed their engagement towards the establishment of a Geneva-based platform for permanent representatives to foster partnership and synergies with relevant stakeholders in support of financing and investing for the Sustainable Development Goals. Noting the estimated \$2.5 trillion per annum investment shortfall for the Goals in developing countries at a time that global investment flows were slowing, several panellists reiterated the critical need to cultivate a conducive environment for quality investment.

40. Several panellists emphasized the importance of SMEs and their potential contribution to the Sustainable Development Goals, notably to create jobs and contribute to the income of women and young people. UNCTAD had done valuable work in promoting enterprise development, notably through targeted sessions at the Forum. Others requested that UNCTAD should continue providing enterprise development-related technical assistance.

41. Others pointed to the comparative advantage of UNCTAD as a Geneva-based agency with its convening power to bring together the public and private sectors, and other relevant stakeholders such as other United Nations agencies, international organizations, civil society and academia. One panellist said that the strategic location of UNCTAD in Geneva – a leading financial centre and the base of many international and non-governmental organizations and some 130 sustainable development-centred and microfinance organizations – was a compelling reason to establish a high-level discussion forum for Sustainable Development Goal financing in that city. Another described UNCTAD as “the hub for least developed countries on issues related to the Sustainable Development Goals” and called for its continued support in backstopping Sustainable Development Goal financing-oriented issues. Some said that Geneva offered both a unique

environment for sharing best practices and scope for private sector collaboration on the Sustainable Development Goals.

42. Some panellists recommended that the proposed ambassadors' round table spearhead regular discussion between permanent representatives, with the participation of the private sector and civil society, to maintain the momentum of investment and financing for the Sustainable Development Goals in the periods between World Investment Forums. In the interest of balance, one panellist suggested that the round table should be co-chaired on a tripartite basis by representatives of a developed, developing and transition economy and volunteered to serve as one of the founding chairs. The group would meet twice a year to enhance understanding about investment in the Sustainable Development Goals, and its deliberations could feed into the World Investment Forum in 2020 and other relevant meetings. In addition, the Division on Investment and Enterprise could provide logistical and substantive support.

43. During the ensuing discussion, several delegations expressed support for the proposal to regularize the ambassadors' round table and confirmed their readiness to participate. One delegation noted the complementarity between the proposed Sustainable Development Goal investment-oriented round table and other offerings of this nature. In this regard, the meeting agreed on the distinctive features, including the suggested global scope and holistic and high-level orientation of the proposal. A concept note would be prepared to follow up on the proposal.

#### **D. Science, technology and innovation for enterprise development**

(Agenda item 5)

44. Introducing the agenda item, the Director of the Division on Technology and Logistics drew attention to document TD/B/C.II/39, entitled "Science, technology and innovation for enterprise development". There were substantive connections between the panel that had been organized for the session and the questions discussed in the background document, namely the mobilization of resources towards STI development, the creation and nurturing of linkages within innovation systems and the need to leverage digital entrepreneurship. In order to focus the discussion around practical concepts, the panel was organized in terms of problems and solutions and presented a diverse set of experiences in developing high-growth, digital and knowledge-intensive platforms and firms.

45. In his presentation, the first panellist described the experience of an Ethiopian artificial intelligence company, and its interactions with policymakers and other actors of the innovation system. There were many misconceptions about artificial intelligence and its potential role in the economy, with many policymakers lacking an understanding of its relevance for African development problems or considering it a luxury. Key concerns were fear of change, lack of human competencies, inflexible and uncompetitive markets, outdated regulatory policies and a lack of finance. In particular, he expressed the concern that failing a strong and positive policy response, challenges would be left unmet, as policymakers kept revisiting outdated issues and failed to develop a sense of priority relevant to current and future development challenges. The potential for positive outcomes was buttressed by a large young population in Ethiopia in particular and Africa in general, a rise in investments, improvements in tertiary education, a change of attitude towards technology among youth and the broad public, a strengthening of the private sector, and an increasing export potential for digital technologies and entrepreneurs.

46. The second panellist presented the findings of the Economic Commission for Europe on high-growth enterprises. There was a lack of data to corroborate the important role that SMEs were assumed to play in growth and innovation. In member States of the Commission, such enterprises were not as productive, innovative or capable of creating jobs and exports, as commonly assumed. However, a small segment of high-growth firms did outperform the others and contributed disproportionately to growth, employment and productivity. Such firms had several distinguishing features. Although they used technology more effectively, they rarely engaged in frontier technology research. They were also better at understanding markets and customers. Their entrepreneurs and managers were driven by opportunity – they were not entrepreneurs out of necessity, that is to say, for lack of employment options. They also had high staff competency levels, networks and linkages within their ecosystem. Finally, they benefited from clustering and knowledge

spillovers in their location. The key challenge faced by such firms was dealing with technology risks and regulatory barriers. The success of a supportive policy response for high-growth firms depended on the understanding among policymakers of the role that technology and innovation played in economic transformation, in particular to enable learning and build productive competencies in firms.

47. The third panellist discussed the role of science and technology parks and incubators in enabling technology-led growth and development, focusing on how these policy instruments could meet the needs of start-ups in the digital economy. The success of technology parks, incubators and clusters required various components, but the availability of high value added support services was a common one. A fine balance had to be found between providing technology services and investing in quality physical infrastructure. While there was no ideal model, the aim was to achieve improved networking, collaboration and increased added value. Given the strategic nature of digitization, high-speed Internet was a fundamental precondition, and Governments needed to invest in building national backbones and connections to international networks.

48. Financial constraints were a well-known challenge for SMEs in developing countries. Banks were usually unable to provide finance, and SMEs could better meet their needs by seeking equity funding from seed funds, business angels or diaspora or crowd funding, for example. Policymakers should consider the need to provide greater support for innovation in traditional sectors using digital technologies, rather than for pure information technology firms. The former was illustrated by a current science and technology park project in Guayaquil, Ecuador, with a focus on health, tourism and agri-food. This local development focus was in addition to the usual support for science and technology park infrastructure and activities.

49. The fourth panellist said that African SMEs faced several major challenges in developing digital ecosystems and platforms. The first was the overall fragmentation of the ecosystem and a lack of vertical integration and value-chain approach to industrial development. As a result, Africa exported jobs and imported poverty. The second challenge was the high rate of population growth, which created entrepreneurship out of necessity, in particular among women. The third challenge was the lack of access to finance. While venture capital did exist, seed capital was lacking. Funding women at later stages of a firm's growth was particularly problematic: the participation of women had dropped sharply, from 50 per cent at the seed stage to less than 10 per cent at the stage of scaling up production. Another issue was scalability and the ability of SMEs to increase production while maintaining quality and performance on delivery.

50. Consumers, women, youth and SMEs were key targets for development impact of digital technologies in Africa. To achieve this, the panellist said that her firm had decided to develop online marketplaces for existing producers and merchants, rather than developing a large online retail firm modelled, for example, on amazon.com. Jexport, Twiga Foods and Janngo Academy were successful implementations that focused on financing and enabling exports. What was needed was a holistic approach that included cooperation with policymakers and other STI stakeholders to succeed in revenue generation, employment creation and greater technological capabilities.

51. In the ensuing discussion, one regional delegation said that his group was strongly attached to technology and innovation issues and to the work of UNCTAD in this area. STI was indispensable to achieve inclusive and sustainable development. On behalf of his group, he requested that UNCTAD lend capacity-building support for technology transfer, absorption and diffusion. He also called for the development of an international enabling environment that included support for better STI policymaking and cooperation with development partners. The number of positive outcomes in Africa presented at the panel was encouraging, and there were learning opportunities to be had from other regions as well. Of particular importance was addressing the impact of climate change on Africa and, more generally, the challenges of attaining the Sustainable Development Goals. He expressed his group's appreciation for the UNCTAD programme of work on STI policy, rapid eTrade readiness assessments and the organization of the upcoming Africa E-commerce Week.

52. Another delegate praised UNCTAD for its STI policy support. His country recognized the need to modernize its policy framework for STI in order to take advantage of the global advance of technologies. The change in attitude among Government, firms and the general public was indispensable and could be achieved better through a partnership among all stakeholders.

53. One delegate said that SME start-ups faced challenges relating to infrastructure and finance. Basic infrastructure such as electricity and energy were fundamental for digital development, but was inadequate in many countries. The transfer of technology from developed to developing countries was another challenge. Efforts need to be revitalized in these areas to move the STI-for-development agenda forward.

54. Another delegate noted that emerging technologies were a tool for development. They challenged old and traditional approaches, particularly in the way business was conducted in diverse areas such as trade and agriculture. Additional challenges included mindset, finance and human capital. A key problem was that of connecting universities and industries. Many initiatives had been launched, and success stories were emerging in Kenya, with similar experiences in Nigeria and South Africa. Notwithstanding, policymakers faced major challenges. One was in the area of education, in particular how university students could gain experience that was relevant to their future jobs in industry. UNCTAD support was key in developing linkages and collaboration at the local and international levels.

55. One delegate agreed that the challenges faced by policymakers were shared by stakeholders in many countries and that solving them required a holistic and positive approach. Support for artificial intelligence was necessary, which could be provided by the African Development Bank.

56. Another delegate said that sound national and regional innovation ecosystems should be developed and sustained, especially in developing countries, in order to support nurturing and innovative enterprises, as they were crucial for the integration of value chains in particular. In boosting national and regional sustainable socioeconomic development, identifying the potential of value chain integration at the local and regional levels was also important. The national innovation ecosystem was a component of his country's national STI policy that had been launched in early 2017 and aimed to ensure the transition from an efficiency-driven economy to an innovation-driven knowledge-based economy by 2025.

## **E. Progress report on promoting and strengthening synergies among the three pillars**

(Agenda item 6)

57. 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. He said that the publication prepared by the Division for the session, *Results and Impact Report 2018*, outlined the main achievements and impacts stemming from the delivery of the mandates of the Nairobi Maafikiano with regard to investment and enterprise development.

58. The Division had made significant achievements, thanks to the implementation of the principles of results-based management, considered to be a best practice by independent auditors and evaluators, such as the Office of Internal Oversight Services and the Joint Inspection Unit. Recently the programme of the Division had undergone a strategic reorientation, moving from a traditional focus on foreign direct investment to one that focused on the full investment chain, prompted by the need to involve all stakeholders in mobilizing and channelling funds towards the Sustainable Development Goals. It had adopted a cross-cutting approach for supporting member States in advancing towards the achievement of the Sustainable Development Goals. Investment was a prerequisite for reaching objectives in all Sustainable Development Goal sectors, thereby fostering partnership and tapping synergies with a large range of Geneva-based and regional organizations. The programme had also adopted a policy instrument approach through the development of new-generation policy instruments such as the UNCTAD Investment

Policy Framework for Sustainable Development and the Reform Package for the International Investment Regime in use by 150 member States.

59. The Director of the Division on Technology and Logistics presented the activities of the Division across the three pillars. Flagship publications and other reports were part of the research pillar. For example, the *Technology and Innovation Report 2018* looked at harnessing frontier technologies for development and would be followed by the *Digital Economy Report 2019*, technical notes, policy briefs and the series, Current Studies on Science, Technology and Innovation, which would look at sustainable energy and building digital competencies.

60. With regard to the technical cooperation pillar, the Division's activities in the field of the digital economy had been successful and effective. The national e-commerce strategy for Egypt had been completed, and ICT policy reviews for four other countries were in the pipeline or under way. Rapid eTrade readiness assessments had been conducted in 15 countries. E-commerce and collaboration on the eTrade for All platform had expanded to 31 partners. On behalf of UNCTAD, she expressed appreciation to the Governments of Germany and Sweden and to the Enhanced Integrated Framework for funding this work. The cyberlaw programme addressed a number of issues, including digital identity and data security. Technical STI policy work had been carried out in partnership with the Government of China (two workshops with 32 policymakers from 16 countries trained) and with United Nations agencies and development partners. STI policy reviews were being implemented in two African countries and several more were in the pipeline.

61. With regard to the consensus-building pillar, the Commission on Science and Technology for Development, serviced by UNCTAD, performed a key role. Its current priority themes were the role of STI in building resilient societies and the effect of rapid technological change on achieving the Sustainable Development Goals. The fourth E-commerce Week had been held in April 2018 and would take on a regional dimension in its first Africa E-commerce Week in December 2018. In addition, the Division was actively contributing to discussions on technology at the General Assembly, and had engaged in various inter-agency forums such as the third Multi-stakeholder STI Forum and the Technology Facilitation Mechanism of the Inter-Agency Task Team on STI for the Sustainable Development Goals.

62. The Director advised member States that resources, particularly the staff working in these activities, were being stretched to an unsustainable level and that some programmes and projects would have to be scaled down if the situation did not change.

63. In the discussion that followed, several delegates expressed support for UNCTAD activities in the field of technology and called for a strengthening of the resources available to this programme of work.

## **F. Other business**

(Agenda item 7)

### **Draft provisional agenda for the eleventh session**

64. The Commission agreed that the Trade and Development Board, upon recommendation of the Bureau of the Board, would decide on the agenda.

## **III. Organizational matters**

### **A. Opening of the session**

65. The tenth session of the Investment, Enterprise and Development Commission was opened at the Palais des Nations, Geneva, on 3 December 2018, by Mr. Farukh Amil (Pakistan), Chair of the ninth session of the Commission.

**B. Election of officers**

(Agenda item 1)

66. At its opening plenary meeting on 3 December 2018, the Commission elected the following officers to serve on its Bureau:

Chair: Mr. Refiloe Litjobo (Lesotho)

Vice-Chairs: Mr. Said Meziane (Algeria)

Ms. Margret Kaemba (Zambia)

Ms. Johana Méndez (Panama)

**C. Adoption of the agenda and organization of work**

(Agenda item 2)

67. Also at its opening plenary meeting, the Commission adopted the provisional agenda for the session (TD/B/C.II/38). 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 Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting.
4. Investment and entrepreneurship for development.
5. Science, technology and innovation for enterprise development.
6. Progress report on 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. Closing plenary**

68. With regard to the proposed wording of paragraph 2 of the agreed conclusions on agenda item 4, the representative of one regional group, backed by the representative of one member State, said that it was important to refer to the impact of unilateral coercive measures on affected countries. Such measures were a matter of concern for a number of developing countries and had severe implications on the attraction of foreign direct investment to their countries and on their long-term economic development. The representative of another regional group noted that developing countries were not the only countries to be affected by such measures, for some developed countries faced the same problems.

69. The outgoing representatives of three regional groups expressed their appreciation to the UNCTAD secretariat, member States and regional groups for their cooperation and support during their tenure, which would be coming to a close at the end of 2018.

**E. Adoption of the report of the Commission to the Trade and Development Board**

(Agenda item 8)

70. At its closing plenary meeting on 6 December 2018, the Commission authorized the Chair to finalize the report after the conclusion of the meeting. The report would be submitted to the Trade and Development Board for consideration at its sixty-seventh executive session in February 2019.

## Annex

### Attendance\*

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

Albania	El Salvador	Nigeria
Algeria	Ethiopia	Oman
Angola	Gabon	Panama
Argentina	Germany	Poland
Austria	Ghana	Portugal
Bahamas	Guatemala	Russian Federation
Bahrain	Guyana	Saudi Arabia
Belarus	Iran (Islamic Republic of)	Serbia
Bosnia and Herzegovina	Iraq	Seychelles
Bulgaria	Jamaica	Spain
Burkina Faso	Japan	Sri Lanka
Cabo Verde	Jordan	Libya
China	Kenya	Sudan
Congo	Kuwait	Syrian Arab Republic
Costa Rica	Lebanon	Togo
Cyprus	Lesotho	Trinidad and Tobago
Côte d'Ivoire	Madagascar	Venezuela (Bolivarian Republic of)
Djibouti	Morocco	Yemen
Ecuador	Mozambique	Zimbabwe
Egypt	Nepal	
2. Representatives of the following members of the Conference attended the session:
 

State of Palestine
3. The following intergovernmental organizations were represented at the session:
 

African, Caribbean and Pacific Group of States  
Organization of Islamic Cooperation
4. The following United Nations organs, bodies and programmes were represented at the session:
 

Economic Commission for Europe
5. The following specialized agencies and related organizations were represented at the session:
 

United Nations Industrial Development Organization
6. The following non-governmental organizations were represented at the session:
 

*General category*  
Village Suisse ONG

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\* This attendance list contains registered participants. For the list of participants, see TD/B/C.II/INF.10.