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**Trade and Development Board**  
**Investment, Enterprise and Development Commission**  
Eleventh session  
Geneva, 11–15 November 2019

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

Held at the Palais des Nations, Geneva, 11 to 15 November 2019

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## I. Agreed conclusions

(Agenda items 4 and 5)

*The Investment, Enterprise and Development Commission,*

*Acknowledging* the contribution of the UNCTAD programmes on investment and enterprise and on science, technology and innovation to the achievement of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals,

### **Investment and enterprise for development**

1. *Expresses* its satisfaction with the presentation by the UNCTAD secretariat of the most recent global trends and policies in the area of investment for development, in particular through its Sustainable Development Goals investment trends monitor and its *Guidance on Core Indicators for Entity Reporting on Contribution Towards Implementation of the Sustainable Development Goals*; and calls on the secretariat to continue reporting on and monitoring these trends and their impact on development;

2. *Notes with concern* that the underlying foreign direct investment trends remain weak, affecting the growth of global value chains, and the persistence of significant risk factors; and further notes that the levels of investment required to achieve the Sustainable Development Goals remain insufficient and that progress, as well as monitoring capacity, remain uneven across the 10 Sustainable Development Goals-relevant sectors identified by UNCTAD;

3. *Stresses* the importance of both public and private investment to achieve the Sustainable Development Goals, as well as the role of investment promotion agencies and outward investment agencies, in support of national investment strategies; and welcomes new forms of partnership, innovative financing models, corporate behaviour and business mindsets that are conducive to development;

4. *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 report in 2020, which will mark its thirtieth anniversary, and its widest dissemination;

5. *Requests* the UNCTAD secretariat to continue its support for capacity-building on strategies, policies, tools and practices to promote investment and enterprise for development, including through the UNCTAD Investment Policy Framework for Sustainable Development, Entrepreneurship Policy Framework and other UNCTAD policy packages, and to report to member States at its next session on the progress achieved;

6. *Acknowledges* the importance of the investment policy reviews, including regional reviews, and the follow-up and review of implementation as an essential tool to support countries' progress towards sustainable development; congratulates Armenia and Chad for the successful presentation of their investment policy reviews; and welcomes participation by the private sector in these presentations;

7. *Requests* the UNCTAD secretariat to continue to present the investment policy reviews in an intergovernmental context to further the exchange of best practices; and calls on partner countries to financially support this programme;

8. *Commends* the UNCTAD programme on international investment agreements for its assistance and valuable work in the context of a sustainable development-oriented reform; and requests UNCTAD to continue to monitor phase 2 of international investment agreement reform, working towards coherence in the modernization process of the international investment regime, and to further develop tools and guidelines to operationalize policy options for international investment agreement reform in support of the achievement of the Sustainable Development Goals;

9. *Recognizes* the rapid development taking place in the way international investment agreements are drafted; recognizes the role played by UNCTAD and the

Division on Investment and Enterprise; and reaffirms the right of States to regulate within their territory to achieve legitimate policy objectives subject to international obligations;

10. *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 Goals financing and investment; and encourages UNCTAD to continue to hold round tables in future;

11. *Encourages* the UNCTAD secretariat to continue to support the exchange and dissemination of best practices in investment promotion, including through the awards for promoting investment in the Sustainable Development Goals;

12. *Commends* UNCTAD for the support to the negotiations of phase 2 of the African Continental Free Trade Agreement, in particular regarding the protocol on investment; and encourages the UNCTAD secretariat to continue its work in this context;

13. *Acknowledges* the relevance of the work of UNCTAD on enterprise development and entrepreneurship policies in pursuit of sustainable development and the Sustainable Development Goals, as well as the policy packages on entrepreneurship policies; and recommends their widest dissemination as a contribution to policy formulation and capacity-building, including through the Empretec programme;

14. *Congratulates* the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting on its thirty-sixth session; and invites the UNCTAD secretariat to continue the good practices of the deliberations of the Intergovernmental Working Group of Experts as a useful forum for organizations to provide comparable baseline data on their contributions to the achievement of the Sustainable Development Goals;

#### **Structural transformation, Industry 4.0 and inequality: Science, technology and innovation policy challenges**

15. *Reaffirms* the critical role of technology, including information and communications technology, and innovation in trade and development, including through their essential contribution to structural transformation, productive capacities, competitiveness and the diversification of production and exports, integration into global value chains and as a key means of implementation and a component of achieving the Sustainable Development Goals;

16. *Acknowledges* the huge potential of digital technologies to bring economic and social development benefits to developing countries; acknowledges that implementation and deployment of these technologies pose significant challenges for exacerbating economic and social divides and disrupting labour markets and could also lead to widening of the digital and productivity divide, in particular in developing countries and the least developed countries; and, in this regard, requests UNCTAD to conduct research and analysis work on potential policy considerations for mitigating these risks and taking advantage of the opportunities and to encourage cooperation in this area;

17. *Recognizes* the increased digitalization of societies and fast-increasing importance of the digital economy; and stresses the need for countries to strengthen their capacities to promote digital entrepreneurship and to design, implement, monitor and assess evidence-based policies in this field;

18. *Stresses* the importance of building national and regional capacities to facilitate the development, dissemination, adoption and use of frontier technologies and innovative solutions for achieving global and national development goals;

19. *Recognizes* the need to facilitate access by women and youth, as well as rural and vulnerable communities, to science and technology and their participation in the definition of science, technology and innovation agendas, policy decisions and priority-setting; and encourages UNCTAD to consider this in their deliberations;

20. *Welcomes* the contribution of UNCTAD to the digitalization process through research (*Digital Economy Report 2019*), capacity-building (rapid eTrade readiness

assessments, electronic commerce (e-commerce) strategies and eTrade for all) and global and regional e-commerce weeks; and reiterates its call for UNCTAD to strengthen its work on enhancing development gains from the digital economy and e-commerce;

21. *Expresses its satisfaction* with the research work of UNCTAD supporting developing countries in their understanding of policy options to steer innovation in ways that leave no one behind; and looks forward to continued work in this area, including through supporting strategic foresight and technological assessment initiatives in developing countries, to improve their understanding of the socioeconomic and environmental implications of new technologies;

22. *Commends* UNCTAD for its guidance in designing effective policies for science, technology and innovation; and notes the recent science, technology and innovation policy review of Panama and the ongoing reviews in the Dominican Republic, Ethiopia, Uganda and Zambia;

23. *Invites* the UNCTAD secretariat to explore ways to mobilize additional resources to further its work in science, technology and innovation policies and the digital economy, including science, technology and innovation policy reviews;

24. *Invites* UNCTAD to continue its important role in supporting developing countries, especially the least developed countries, to be part of the international debate on frontier technologies, which are expected to critically affect their development trajectories.

*Closing plenary meeting  
15 November 2019*

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

### **A. Opening statements**

1. The Deputy Secretary-General of UNCTAD made an opening statement. Statements were made by the representatives of the following delegations: Ecuador on behalf of the Group of 77 and China; Togo on behalf of the African Group; Iraq on behalf of the Asia-Pacific Group; Panama on behalf of the Group of Latin American and Caribbean Countries; Malawi on behalf of the Group of the Least Developed Countries; Nigeria; and the State of Palestine.

2. In her statement, the Deputy Secretary-General of UNCTAD enumerated the \$2.5 trillion annual investment shortfall in developing countries for achieving the Sustainable Development Goals and the importance of public-private partnerships in bridging this gap. Introducing the Sustainable Development Goals investment trends monitor recently released by UNCTAD, the Deputy Secretary-General noted that its data showed a mixed picture, in terms of both investment trends and monitoring capacity across Goals-related sectors. Progress had been made in several sectors, such as climate change mitigation, food and agriculture and health, yet investment growth in all sectors still fell short of projected investment requirements. Even in areas where new investment initiatives and innovative financing mechanisms had been introduced, the order of magnitude was not yet sufficient to bridge the investment gap.

3. The Deputy Secretary-General flagged the second Geneva ambassadors round table that would take place in the context of the Commission and noted that the suggestion to set up the round table had been one of the most important outcomes of the World Investment Forum in 2018, as it aimed to leverage the convening power of the diplomatic community to establish Geneva as a global implementation hub for the Goals. Its deliberations were a way to fortify diplomatic efforts to connect interlinked issues, such as investment, trade, climate change, health, labour and migration, and to catalyse investment-related policy proposals, innovations and tools to give traction to the achievement of the Goals on the ground. She also noted a new initiative by UNCTAD titled "Investing in the Sustainable Development Goals: The role of diplomats" that aimed to strengthen the work of foreign services in their contribution to the 2030 Agenda for Sustainable Development, to be

discussed at the Geneva ambassadors round table. Finally, the Deputy Secretary-General noted that the Commission was timely and would make an important contribution to charting a route for member States through policies that could address investment issues pertaining to sustainable development.

4. In addition, the Deputy Secretary-General stressed the importance of bringing technological developments to bear on matters related to the uncertain stage of change with regard to Industry 4.0. The fourth industrial revolution modified the rules of industrialization and could have significant consequences related to development, in particular with regard to job creation and modification. At the same time, the digitalization of industry was blurring the distinction between goods and services; countries with the right skills in terms of labour would be able to enter new services industries, although there were concerns with regard to market concentration. One of the main aims of science, technology and innovation policy was to stimulate innovation in the economy, but this could have negative impacts and disrupt social equality and stability. Finally, the Deputy Secretary-General noted that analyses of investment policy in technology needed to be in keeping with industrial, social and education policy, to counter the disruptive effects of technology on labour markets and societies.

5. Delegates commended UNCTAD for the compilation of foreign direct investment (FDI) statistics and extensive analysis of special economic zones in *World Investment Report 2019*. The representatives of some regional groups expressed their appreciation for the detailed breakdown of types of special economic zones and locations in different regions and the way that such zones could be used as a development ladder. Several delegates and representatives of regional groups emphasized the usefulness of the *World Investment Report* in informing investment policy decisions. Some delegates and representatives of regional groups highlighted the importance of promoting investment in the Goals and noted the success of the development and delivery by UNCTAD of targeted programmes to address key Goals-related sectors. In this regard, the representatives of a few regional groups commended the work of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting on developing core indicators for companies to measure their contributions to the Goals and welcomed the preparation of case studies to show the applicability of these indicators.

6. Several delegates and representatives of regional groups also thanked UNCTAD for the value of other aspects of its work programme, notably investment policy reviews, investment promotion and business facilitation and the accompanying technical assistance. In addition, several delegates and representatives of regional groups commended UNCTAD for its assistance and valuable work in the area of international investment agreement reform. The representatives of a few regional groups commended the emphasis of UNCTAD on development-oriented reform and urged UNCTAD to continue to monitor phase 2 of international investment agreement reform and to continue to develop tools and guidelines to operationalize policy options for such reform. Surveying the current investment climate, the representatives of a few regional groups drew attention to the decline in FDI and singled out the importance of continued multilateralism and partnerships to promote investment and the importance of UNCTAD work in advancing these. The representatives of a few regional groups noted that inclusive entrepreneurship could be a powerful tool with which to address key social and environmental challenges and commended UNCTAD work in this area, notably through the development of the *Policy Guide on Entrepreneurship for Migrants and Refugees*.

7. The representatives of some regional groups noted that the process of structural transformation could be affected by the emergence of new technologies and that this process could lead to higher levels of inequality. Science, technology and innovation policies could help mitigate such inequality and developing countries could find opportunities in this context of change, although they might have limited capacity to react and adjust to them. In this regard, the representatives stressed the importance of analytical work and technical cooperation by UNCTAD.

8. The Director of the Division on Investment and Enterprise of UNCTAD presented the latest investment-related data and trends. The underlying FDI trends remained weak, with global investment falling to \$1.29 trillion in 2018. FDI was expected to rebound, yet

significant risk factors remained, including geopolitical tensions, a shift towards protectionist policies and downsides to macroeconomic forecasts. Moreover, the sustained low level of FDI flows was now affecting the growth of global value chains, whose share of global trade had declined from a high of 31 per cent in 2008 to 28 per cent. The area of investment policy was marked by several challenges, the Director pointed out, notably, dynamics in policymaking, driven largely by new industrial development policies, which also explained the significant increase in special economic zones worldwide; dichotomy in regulatory direction; divergence in approaches to international investment agreements; and the dilemma of the need for investment in the Goals. The Director noted that international investment agreements concluded by 2017 showed a much stronger tendency to include reform-oriented provisions, as proposed in the UNCTAD Investment Policy Framework for Sustainable Development and the road map for international investment agreement reform, compared with provisions in treaties negotiated in 2000. Turning to the Goals-related investment gap, the Director noted that the Sustainable Development Goals investment trends monitor recently released by UNCTAD showed that, while investment progress had been made in some Goals-related sectors, such as climate change and agriculture, the growth was not of the order of magnitude required to bridge the investment gap and that the ambition of investment needed to be increased. A big push for private Goals-related investment was required, as enumerated in the UNCTAD action plan for investing in the Goals, which emphasized the need for a new generation of investment promotion strategies, the reorientation of incentives, regional Goals-related investment compacts and new forms of partnership, as well as innovative financing models and a change in corporate behaviour and business mindsets.

9. The Director of the Division on Technology and Logistics of UNCTAD presented analysis undertaken by UNCTAD on the impact of Industry 4.0 on structural transformation and the role of policymaking in this context. To maximize the benefits from Industry 4.0, she emphasized that policies had to promote technology dissemination and that unintended consequences, including inequality, had to be proactively addressed. With regard to disseminating new technologies, *Digital Economy Report 2019* examined the scope for value creation and capture in the digital economy by developing countries and looked at opportunities to take advantage of the data-driven economy. The Director emphasized two priority actions for policymakers in addressing obstacles in dissemination, namely, delivering access to technological support infrastructure and improving financing mechanisms to support the adoption of new technologies by firms. The division had launched a new framework for science, technology and innovation policy reviews that aimed to shape policies to meet social needs and ensure that no one was left behind; the forthcoming *Technology and Innovation Report 2020* would address this topic in depth. The Director said that the United Nations system could support countries in addressing the unintended consequences of technological change by raising awareness about the potential social, economic and environmental costs and benefits of such new technologies, with strategic foresight and technological assessment having a role. In response to a query from one delegate as to how policymakers could effectively address technology, skills and infrastructure gaps through policies, the Director noted that the work of the division emphasized a whole-of-government approach, to give prominence to the cross-cutting nature of technology and innovation policies. The enabling environment was important in this regard, namely, connectivity, electricity, digital skills and financing for new and innovative ideas. In this context, for example, in collaboration with the Government of China, the division had organized capacity-building workshops on business incubator development.

## **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**

(Agenda item 3 (a))

10. The Commission took note of the report contained in document TD/B/C.II/MEM.4/21.

### **Report of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting**

(Agenda item 3 (b))

11. The Commission took note of the oral report on the thirty-sixth session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting,<sup>1</sup> endorsed the agreed conclusions of the Group of Experts and approved the provisional agenda that the Group of Experts had proposed for its thirty-seventh session.

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

(Agenda item 4)

### **Geneva ambassadors round table for investing in the Sustainable Development Goals**

(Agenda item 4 (a))

12. Established in line with the recommendations of the tenth session of the Commission, the second annual Geneva ambassadors round table for investing in the Sustainable Development Goals took place as a follow-up to the first round table organized on 26 October 2018 during the World Investment Forum. The second round table brought together 28 permanent representatives of member States from all regions, as well as the Ambassador of the Permanent Delegation of the International Chamber of Commerce to the United Nations and the Chief Executive Officer of Nestlé, to discuss the role of domestic and foreign private sectors and various forms of public–private cooperation in investing in the Goals. The meeting also took stock of initiatives carried out since the previous round table and discussed a variety of proposals for follow-up action. Specifically, the discussion focused on the Sustainable Development Goals investment trends monitor, the *Guidance on Core Indicators for Entity Reporting on Contribution Towards Implementation of the Sustainable Development Goals* and a new UNCTAD initiative titled “Investing in the Sustainable Development Goals: The role of diplomats”. All ambassadors noted that the importance of promoting and facilitating investment in sustainable development had risen since the first round table, as investment growth in Goals-related sectors was not enough to bridge investment gaps. Mobilization of the resources of the private sector was therefore an essential complement to public funding. The round table was a valuable initiative and a useful platform for exchanging ideas on how to stimulate such investment in sustainable development. The ambassadors also stressed the importance of continued dialogue between all stakeholders, including private sector representatives. They noted that the joint initiative of permanent representatives in Geneva, international organizations and private sector actors could consolidate the Geneva ecosystem as a global implementation hub for the Goals. The round table also had the potential to provide for preparations for the fifteenth session of the United Nations Conference on Trade and Development and the World Investment Forum in 2020. Ambassadors agreed to continue to hold future round tables for investing in the Goals at least annually.

### **Investment policy review: Armenia**

13. The meeting considered the investment policy review of Armenia (UNCTAD/DIAE/PCB/2019/3).

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<sup>1</sup> To be issued as TD/B/C.II/ISAR/91.



14. In his opening statement, the Director of the Division on Investment and Enterprise of UNCTAD outlined recent FDI trends in Armenia and highlighted the role that FDI had had in transforming the country's economy. Armenia had not escaped recent global trends and, while inflows were stable, the country was still struggling to recover from the heights reached before the financial crisis. Currently, a wait-and-see attitude prevailed among investors, following the recent political transition. The report of the investment policy review proposed measures that could help transform the country into a regional business hub for export-oriented, efficiency-seeking firms, which could in turn help achieve the economic revolution envisaged by the authorities. For this purpose, the investment policy review presented a set of concrete recommendations and highlighted three dimensions for reform, namely, modernizing the regulatory framework, targeting key sectors for development and enhancing business facilitation and linkages.

15. The Ambassador of the Permanent Mission of Armenia to the United Nations Office and other international organizations in Geneva thanked UNCTAD for the support provided in the context of the investment policy review. He said that the review was a feasible and tangible product that exemplified the relevance of the United Nations. In line with the review, he highlighted that the economic revolution in Armenia should be led by high-technology and innovative activities supported by investment policy reforms and a more significant investment promotion effort. The Ambassador emphasized the need to encourage cooperation between the United Nations, the international community and donors to build capacities in Armenia.

16. The United Nations Resident Coordinator in Armenia noted the importance of having a platform to discuss trade and investment, such as the Investment, Enterprise and Development Commission, at a time when multilateralism was under threat. He referred to ongoing initiatives of the United Nations in Armenia to support the country's efforts, such as a Sustainable Development Goals innovation lab that disseminated experience and facts to help build a sustainable development path in Armenia. In addition, he highlighted other projects promoting capacity-building to develop the country's competitive advantages, such as in artificial intelligence, big data and impact investment.

17. The Head of the Investment Policies Branch of UNCTAD presented the detailed findings and recommendations of the investment policy review. He noted the potential for FDI to foster sustainable development outcomes beyond traditional economic activities. He summarized the recommendations of the review, to improve the regulatory and institutional framework for investment (e.g. the corporate governance regime, the labour regime, intellectual property, the general tax regime, incentives and tax administration) and pointed to the need to adopt a holistic approach in the fight against corruption. He also emphasized the need to improve infrastructure and build upon the valuable human capital in the country, while promoting skills matchmaking in emerging sectors. The UNCTAD strategy for FDI promotion in selected sectors, such as manufacturing, tourism, data science, artificial intelligence and pharmaceuticals, required a proactive approach from investment promotion institutions, with coordinated efforts across the Government.

18. The Deputy Minister of Economy of Armenia highlighted the country's commitment to an open-doors policy and stressed that measures and reforms were being undertaken to improve competitiveness and attract FDI. He reaffirmed Armenia's deep commitment to strengthening the real economy through the implementation of reforms in the areas of rule of law, corporate governance and institutional capacity. The objective of the Government was to further improve the country's competitiveness and leverage multilateral and regional trade opportunities. He stressed Armenia's potential to become a unique bridge between the Eurasian Economic Union and the European Union. In this context, he stressed that the UNCTAD recommendations would be instrumental in implementing a reform agenda through the prism of the Goals.

19. Several delegates commended Armenia for undertaking the review and recognized the opportunities for investment in the country, as well as the efforts made by the Government to further improve the business climate. Opportunities arising from the diaspora network of Armenia were emphasized by several delegates. One delegate requested that UNCTAD consider undertaking a regional investment policy review of the Eurasian Economic Union.

20. The representatives of a few private sector organizations commended the potential of Armenia to attract investment in both traditional and emerging activities. Several delegates and representatives of private sector organizations recognized the opportunities for regional and global market integration, as Armenia was a gateway to the Middle East and Europe. The representative of one private sector organization highlighted the need to focus on investing in infrastructure to improve trade facilitation.

21. Several delegates highlighted the pivotal role played by UNCTAD in providing technical assistance in the area of investment for sustainable development and the continued relevance of investment policy reviews as one of its main technical assistance tools. Armenia was encouraged to move forward with implementing the recommendations, with the assistance of UNCTAD.

22. In his closing remarks, the Deputy Minister of Economy thanked UNCTAD and all delegates for the review and their contribution to the presentation. He stressed that the investment policy review provided a blueprint for how to move forward in a sustainable and committed way and reiterated the Government's commitment to implementing the recommendations of the review.

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

#### **Investment policy review: Chad**

24. The meeting considered the investment policy review of Chad (UNCTAD/DIAE/PCB/2019/1).

25. In his opening remarks, the Director of the Division on Investment and Enterprise of UNCTAD outlined some of the recent FDI trends. In 2018, despite reaching a 15-year record in Chad, FDI stock continued to be heavily concentrated in the oil sector, mirroring the rest of the economy. As a result, Chad remained vulnerable to exogenous shocks. In addition, due to limited linkages with the domestic economy, the exploitation of oil had not translated into the substantive development of local productive capacities. In line with the Government's objective to further diversify its economy, the investment policy review analysed the potential for economic transformation in Chad through higher levels of FDI, particularly in agropastoral and agro-industrial activities. The investment policy review proposed concrete regulatory and institutional measures to improve the business environment to better tap the country's potential, along with reforms to increase the role of the private sector.

26. The representative of the Permanent Mission of Chad to the United Nations Office and other international organizations in Geneva emphasized that the challenges faced in Chad remained significant and, to be overcome, required fruitful partnerships with the international community. He thanked UNCTAD and stressed the relevance of the investment policy review in elaborating strategic policies conducive to sustainable development. He noted that the Government was committed to maximizing the role of investment as an engine for development.

27. The Minister of Mines, Industrial and Commercial Development and Private Sector Promotion of Chad presented an overview of the economic and investment profile of Chad, noting the country's unexploited agricultural potential. She recognized the importance of the review, as it provided a comprehensive overview of the economic strengths and weaknesses in Chad and highlighted measures that had already been adopted to enhance the capacities of the investment promotion agency, operationalize the normalization agency and reinforce public-private partnerships. A representative of the Ministry stressed that additional measures were being taken to support the implementation of the recommendations of the review, including in the areas of human capital, competition, trade, corruption, entrepreneurship, special economic zones and business establishment. He emphasized that new entities had already been created to guide business reforms and requested that the UNCTAD eRegulations programme be implemented in Chad.

28. Summarizing the main findings of the review, the Head of the Investment Policies Branch of UNCTAD highlighted the potential of Chad to become a regional leader in

agropastoral and agro-industrial production. He stressed that FDI could contribute to a more diversified economy, notably by tapping the potential of these sectors. In this regard, the recommendations of the review aimed at clarifying and simplifying the investment climate and developing tools to promote the local private sector. Such reforms needed to be accompanied by an effective investment promotion strategy, which included a more targeted approach focused on FDI in agribusiness and in line with the Sustainable Development Goals.

29. Several delegates and representatives of regional groups commended Chad for undertaking an investment policy review; recognized the potential of the country and the efforts made by the Government; and encouraged Chad to continue working with UNCTAD in the implementation of the recommendations. Several delegates highlighted the pivotal role played by UNCTAD with regard to technical assistance in the area of investment for sustainable development and highlighted that the investment policy reviews remained a robust tool in support of the 2030 Agenda. The representative of one regional group invited all development partners and the international community to support Chad in its ongoing efforts to implement reforms in this regard. The representative of one intergovernmental organization highlighted that the review sent a positive signal and was in line with Agenda 2063 of the African Union. This point was reiterated by several delegates.

30. Several delegates shared positive feedback from States that had undergone the investment policy review process, States currently undergoing a review and one State with an implementation report in progress. As many of the neighbouring countries of Chad shared similar opportunities and challenges related to investment, some delegates requested a regional investment policy review for the Group of Five for the Sahel.

31. The representatives of a few private sector organizations noted that Chad had difficulty in being on the radar of international businesses that invested in Africa outside of the oil sector, due to a negative image and a lack of information on the opportunities offered in Chad, and encouraged the representatives of Chad to strengthen the country's investment promotion efforts.

32. The Minister of Mines, Industrial and Commercial Development and Private Sector Promotion of Chad thanked UNCTAD and all delegates for the review and their contributions, and reiterated the Government's commitment to implementing the recommendations of the review.

33. The secretariat said that it was fully committed to helping Chad implement the recommendations of the review.

### **Harnessing the investment framework for sustainable development**

(Agenda item 4 (b))

34. Eight groups of rapporteurs gave their accounts of the intensive working sessions that had taken place during an international investment agreement conference, which had taken stock of international investment agreement reform actions and charted the way forward to further inclusive, transparent and synchronized reform processes in the pursuit of sustainable development. The conference had convened over 80 speakers from Governments and intergovernmental organizations, as well as business, civil society and academia. Discussions had been organized around the areas of reform identified by UNCTAD and regional reform processes in developed countries and developing countries in Africa and Asia, as well as in countries with economies in transition.

35. There had been broad consensus that reform was not an option but a must. Reform was on course, involving countries at all levels of development and from all geographical regions. This had led to a rich number of examples from countries and regions. Almost all treaties concluded in 2018 contained a large number of reform features in line with the UNCTAD reform package for the international investment regime, and several features were becoming mainstream. UNCTAD policy tools for phase 2 of reform had spurred initial action to modernize old-generation treaties. Countries were increasingly, interpreting, amending, replacing or terminating outdated treaties. Reform was thus progressing, but much remained to be done, as the stock of old-generation treaties was

10 times greater than that of modern, reform-oriented treaties, and investors continued to resort to old-generation treaties when bringing investor–State dispute settlement cases.

36. It had been noted that preserving the right to regulate remained a key challenge in international investment agreement reform. Addressing this challenge required balance, and countries had different options in this regard. The current process of the modernization of the Energy Charter Treaty had the potential to be an effective phase 2 reform action, but questions remained about the extent of reform that could be achieved and the sequencing of expansion and reform.

37. There had been significant recognition of the need to improve investment dispute settlement. Countries engaged in multilateral processes and also developed their own or regional paths. Some sought comprehensive, institutional or systemic change, while others preferred incremental modernization and still others questioned the benefits of investor–State dispute settlement.

38. With regard to the reform area of promoting and facilitating investment, experts had shared their experiences in practical implementation, including based on the UNCTAD global action menu for investment facilitation, and their views on the ongoing structured discussions on investment facilitation at the World Trade Organization. There was a need to better understand the interaction between possible World Trade Organization rules on investment facilitation and individual international investment agreement clauses and reform initiatives.

39. It had been noted that the 2030 Agenda made it imperative to step up work on the reform theme of ensuring responsible investment. While many national and international policymaking processes were mainstreaming the Goals, international investment agreements were lagging behind. Breaking institutional silos and allowing for a certain degree of policy experimentation were essential. Recognizing that companies were integrating responsibility objectives and advocating for regulation that provided clarity, coherence and a level playing field could help, as could the experience gained through UNCTAD work on corporate sustainability reporting through the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting.

40. Policymakers from all regions had flagged the crucial nature of UNCTAD toolkits on international investment agreement reform, its databases, technical assistance and advisory services, as well as the great value of providing an open and inclusive forum for multi-stakeholder deliberations on such reform. Countries, as well as regional and intergovernmental organizations, appreciated UNCTAD cooperation and had requested that UNCTAD continue, if not expand, its support to reform processes.

41. The Director of the Division on Investment and Enterprise of UNCTAD identified three concrete ways forward, namely, by expanding existing UNCTAD databases through an international investment agreement reform navigator, a pilot project to facilitate peer learning, aimed at strengthening coherence in the modernization process; offering a platform and process for identifying matching reform partners, with a view to achieving concrete reform outcomes; and building on experiences in the area of taxes (for example, base erosion and profit shifting) by developing a multilateral instrument on international investment agreement reform.

#### **D. Structural transformation, Industry 4.0 and inequality: Science, technology and innovation policy challenges**

(Agenda item 5)

42. Introducing the item, the Director of the Division on Technology and Logistics of UNCTAD stated that structural transformation had been a major focus of the work of UNCTAD throughout its history. Industry 4.0, defined as smart and connected production systems using automation and data exchanges, could change the course of traditional structural transformation as it could introduce new risks of excessive market concentration, labour market polarization and wider technological gaps. Public policy could help mitigate

such risks in several ways, namely, by promoting Industry 4.0, directing innovation to reducing inequalities and providing sufficient care for those affected by the risks.

43. The first panellist showcased the experience of Turkey in promoting Industry 4.0. In 2016, Turkey had decided to promote Industry 4.0, mainly by relying on a road map methodology. An assessment of industries in Turkey had revealed that the country had a digital maturity of less than Industry 3.0. Based on this finding and detailed analysis of the technological environment around the industries and relevant stakeholders, Turkey had identified and road mapped three technology groups, eight critical technologies, 10 strategic objectives and 29 critical products to be focused on through interventions. Strategies and policies had been formulated to address the challenges relevant to these key areas.

44. The second panellist shared field research experience from South Africa regarding skills in the era of Industry 4.0. The common narrative of robots displacing a significant amount of people in jobs had not yet been seen and, in fact, employment had risen in most parts of the world in the last decade, despite the increasing installation of robots. However, issues arising from technological developments, in particular the changing skills needs that could disproportionately benefit certain parts of the labour force, needed to be addressed. In this regard, skills-related issues observed through research in South Africa had been a lack of preparedness in specific advanced engineering skills, large gaps between the skills provided by technical and vocational education and training institutions and those required in industry, weak numeracy and other basic skills at the lower skills levels and an almost exclusive reliance on training in enterprise to bring up skills to desired levels. Based on the findings, recommendations involved increasing spending on technical and vocational education and training institutions, increasing opportunities for work-integrated education, investing in learnership, targeting the unemployed youth population and increasing lifelong learning opportunities for the unemployed adult population.

45. The third panellist addressed different consequences of structural transformation, Industry 4.0 and inequality with regard to employment. The discussion of structural transformation had been centred on the increase in productivity growth, but it had become apparent that productivity growth did not always signal improvements in the standard of living. Manufacturing had been considered as a higher productivity sector and services, except for banking, as a lower productivity sector, yet determining how to spill over productivity growth from one sector to the other was not easy. With regard to market concentration, there had been sustained, non-temporary incidents of Schumpeterian rents that hindered market entrance by new companies. Market concentration triggered feedback loop effects, leading to the concentration of wealth and further market concentration, thereby accelerating inequality. In addition to the skills bias that had been often discussed, there was also routine bias, with new technologies biased towards routine jobs. Although estimates varied according to the specifications of the various models, some estimates showed that the medium to long-term effect of job displacement could be as much as 11 times greater in developing countries than in developed countries, partly due to reshoring as a consequence of increasing robotization. Lifelong learning, social protection and collective bargaining were necessary to solve related problems.

46. The fourth panellist presented ongoing cases of structural transformation in the field of Industry 4.0. One driver of the fourth industrial revolution in developed economies was a changing demographic, namely, a decreasing youth population; in Africa, however, where the demographic composition was different, technologies such as automation had not solved problems but were instead considered as a threat. One of the unique characteristics of the fourth industrial revolution was a distributed economy. For example, Google served as a network orchestrator and tapped into the expertise of other companies to deliver services. Using such a distributed economy business model, in South Africa, a digital education network service, Omang, had been developed whereby learners could access the latest global education content at a lower cost than that of textbooks. This business model earned enough profits from the service provided, thereby being sustainable. Another example related to the digitalization of a microproducer of washing powder, whereby, with a distributed economy business model, an individual producing such a powder could now implement a digital application for customers to place orders, input suppliers to learn about upcoming orders and experts to certify the production process.

47. The fifth panellist detailed recent trends in structural transformation. New technologies were the key drivers of structural transformation and fourth industrial revolution technologies were not an exception. However, the diffusion of technologies remained limited; *Industrial Development Report 2020* of the United Nations Industrial Development Organization showed that new technologies were highly concentrated in a few countries and firms. In order for new technologies to foster industrialization, countries needed to build and strengthen the industrial capabilities required to absorb and productively exploit such technologies.

48. In the ensuing discussion, the representative of one regional group emphasized that diversifying the economy through structural transformation was a challenge faced by the group and that the group agreed with the view presented in the background document that international cooperation was key to such diversification. In this regard, the group highlighted the excellent work provided by UNCTAD in different areas such as the technology facilitation mechanism, capacity-building programmes and the science, technology and innovation policy reviews, welcoming the recently completed review of Panama, as well as in its responsibility for substantive servicing of the Commission on Science and Technology for Development. One delegate and the representative of one intergovernmental organization recognized the importance of digital technologies, offered to share experiences from the Eurasian Economic Union region, in particular the Russian Federation, and expressed interest in future cooperation through both multilateral and bilateral channels. One delegate shared the initiatives of Algeria in the field of Industry 4.0 and inquired about the policies that could be adopted by developing country Governments. One delegate mentioned the related costs and access to technology as major constraints in developing countries in reaching the level of Industry 4.0. Another delegate stressed the necessity for developing countries to avoid being merely consumers of new technologies and inquired about policy recommendations for developing countries. Yet another delegate shared the progress made in Myanmar towards industrialization and highlighted the importance of assistance from international organizations such as UNCTAD. Another delegate detailed the issues faced in Kenya, such as those related to infrastructure, access to connectivity, a lack of skills and capacity and low levels of funding for research and development, and inquired about policy recommendations.

49. One panellist noted that a country did not have to go through the third industrial revolution to reach the fourth, and stressed that States needed to use this revolution to solve problems rather than consider it as a threat. Another panellist stated that establishing well-functioning governance, identifying unique roles in the digitally transforming world and assessing current statuses were three actions that policymakers needed to take. Yet another panellist stressed the importance of retrofitting for digital development. Another panellist stated that a forthcoming UNCTAD publication would provide an analysis of inequality, in particular from a geographic perspective, and share best practices. Investing in the three dimensions of infrastructure (social, physical and digital) was essential in harnessing Industry 4.0. Finally, another panellist noted the necessity of avoiding too great a focus on robotics in discussing new technologies. The African Continental Free Trade Area was expected to open up opportunities for increased structural transformation.

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

(Agenda item 6)

50. The Director of the Division on Investment and Enterprise of UNCTAD provided a snapshot of the division's achievements across the three pillars of the work of UNCTAD since the fourteenth session of the United Nations Conference on Trade and Development through the implementation of results-based management, emphasizing the impact (medium and long-term outcomes), relevance, quality, efficiency and effectiveness of the activities carried out. The Director described the divisional strategy and underlined the orientation of the division to supporting the mobilization of investment and channelling it towards Goals-relevant sectors. The broadened global investment chain approach, which successfully engaged the entire spectrum of stakeholders (including policymakers and

investment treaty negotiators, investment promotion agencies and international investment location experts, central banks, stock exchanges and sovereign wealth fund managers, as well as transnational corporations, small and medium-sized enterprises and family businesses), allowed for comprehensive and consistent delivery of the Nairobi Maafikiano mandate. The approach adopted by the division had been judged by external evaluators of subprogramme 2 as a model of best practice worthy of emulation in mainstreaming the Goals into the three pillars of the work of UNCTAD.

51. The Director of the Division on Technology and Logistics of UNCTAD presented the activities of the division across the three pillars. With regard to research and analysis, the division had two flagship publications: the *Digital Economy Report 2019* published in September, which showcased challenges faced in developing countries in creating and capturing value in the digital economy; and the *Technology and Innovation Report 2020* to be published in July 2020, which would focus on the impact of technologies on inequality. This pillar also included current studies, technical notes and an increased number of policy briefs providing concrete policy recommendations. With regard to technical cooperation, 15 science, technology and innovation policy reviews had been conducted to date in 14 countries; the reviews of Ethiopia and Panama had been completed in 2019, the review of Uganda would shortly be completed and upcoming reviews included those of Botswana, the Dominican Republic and Zambia. This pillar also included information and communications technology policy reviews, e-commerce strategies, eTrade for all and rapid eTrade readiness assessments in the field of information and communications technology; ASYCUDA, a well-established programme with a positive and visible impact; science, technology and innovation capacity-building workshops and the talented young scientist programme launched as initiatives of the Commission on Science and Technology for Development with the Government of China, which had benefited participants from developing countries in the area of science, technology and innovation; and the global cyberlaw tracker, the first global mapping of cyberlaws, which provided a summary of the adoption of e-commerce legislation worldwide. With regard to consensus-building, the division served as the secretariat of the Commission on Science and Technology for Development, the focal point in the United Nations for issues related to science, technology and innovation. The next session of the Commission would consider rapid technological change and, for the first time, space technologies. This pillar also included the e-commerce weeks that had taken place in Geneva and Nairobi in 2018 and attracted a large number of participants, as well as the eTrade for women initiative, aimed at bringing women to the table in eTrade-related policy discussions. The Director noted that synergies were developed among the three pillars as research fed into technical cooperation and consensus-building and the latter two spilled over to other pillars. The work of the division leveraged numerous partnerships with other divisions of UNCTAD, for example during the e-commerce weeks, and with United Nations organizations and other organizations. Finally, the Director emphasized the importance of continuous support from member States, including donors, and mentioned the programme of activity for the division in 2020.

52. In the ensuing discussion, several delegates and representatives of regional groups expressed their appreciation for the important work done by both divisions in assisting member States in their efforts to attain the Goals through investment and enterprise development and science, technology and innovation. One delegate noted that the results of the science, technology and innovation policy review of Ethiopia had been highly satisfactory. Another delegate detailed recent developments in Nigeria with regard to digital technologies and highlighted the request of Nigeria for a new science, technology and innovation policy review. Another delegate requested recent data on cyberlaws in Morocco and invitations for the Commission on Science and Technology for Development workshops. Yet another delegate expressed interest in obtaining detailed information about the investment policy review and science, technology and innovation policy review processes, as well as the Commission on Science and Technology for Development workshops and work on the e-commerce strategy. The representative of one regional group suggested that deliberations on this item should be placed at the beginning of the programme of the Commission in future sessions, in order to advise delegates upfront about the implementation of the mandate.

53. The Director of the Division on Investment and Enterprise reconfirmed the commitment of the division to efficiently and effectively translating the renewed mandate of the Commission into impacts for member States, including with regard to the new areas of work in the area of international investment agreements. The Director of the Division on Technology and Logistics thanked delegates for the broad support expressed for the work of the division; detailed the process for issuing invitations to participate in the Commission on Science and Technology for Development workshops; expressed the readiness of the division to implement the various requests for national science, technology and innovation policy reviews, once funding challenges had been solved; and gave information on the necessary steps for a review to be implemented in an interested country.

### **III. Organizational matters**

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

54. The eleventh session of the Investment, Enterprise and Development Commission was opened at the Palais des Nations, Geneva, on 11 November 2019, by Mr. Refiloe Litjobo (Lesotho), Chair of the tenth session of the Commission.

#### **B. Election of officers**

(Agenda item 1)

55. At its opening plenary meeting on 11 November 2019, the Commission elected the following officers to serve on its Bureau:

- Chair: Mr. Alfredo Suescum (Panama)
- Rapporteur: Ms. Irina Medvedeva (Russian Federation)
- Vice-Chairs: Mr. Khalid Alaamer (Bahrain)
  - Ms. Julie Emond (Canada)
  - Mr. Pierre García (Colombia)
  - Ms. Laila Clyne (Finland)
  - Mr. Sénamé Mèvodé Gbenouga (Togo)

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

(Agenda item 2)

56. Also at its opening plenary meeting, the Commission adopted the provisional agenda for the session (TD/B/C.II/41). 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 enterprise for development:
  - (a) Geneva ambassadors round table for investing in the Sustainable Development Goals;
  - (b) Harnessing the investment framework for sustainable development.



5. Structural transformation, Industry 4.0 and inequality: Science, technology and innovation policy challenges.
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. Other business**

(Agenda item 7)

**Draft provisional agenda for the twelfth session**

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

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

(Agenda item 8)

58. At its closing plenary meeting on 15 November 2019, 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-ninth executive session in February 2020.

## Annex

### Attendance\*

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

Albania	Gambia	Peru
Angola	Georgia	Philippines
Armenia	Germany	Poland
Australia	Guatemala	Qatar
Austria	Guyana	Russian Federation
Bahrain	India	Saudi Arabia
Bangladesh	Indonesia	Serbia
Belgium	Jordan	Seychelles
Bolivia (Plurinational State of)	Kazakhstan	Sierra Leone
Bosnia and Herzegovina	Kenya	Slovakia
Brazil	Lao People's Democratic	South Africa
Burkina Faso	Republic	Spain
Cambodia	Lebanon	Sri Lanka
Canada	Lesotho	State of Palestine
Chad	Madagascar	Sudan
China	Mauritania	Switzerland
Colombia	Mexico	Syrian Arab Republic
Congo	Mongolia	Thailand
Costa Rica	Montenegro	Togo
Croatia	Morocco	Trinidad and Tobago
Czechia	Mozambique	Tunisia
Côte d'Ivoire	Myanmar	Turkey
Denmark	Namibia	United Kingdom of Great
Egypt	Nepal	Britain and Northern Ireland
Eswatini	Netherlands	Viet Nam
Finland	Nigeria	Yemen
France	Pakistan	Zambia
Gabon	Panama	Zimbabwe

2. The following intergovernmental organizations were represented at the session:

African, Caribbean and Pacific Group of States  
 African Union  
 Caribbean Community  
 Commonwealth Secretariat  
 Cooperation Council for the Arab States of the Gulf  
 European Union  
 Islamic Development Bank  
 Organization for Economic Cooperation and Development  
 Organization of Eastern Caribbean States  
 South Centre

3. The following United Nations organs, bodies and programmes were represented at the session:

Economic Commission for Africa  
 Economic Commission for Europe  
 United Nations Development Programme

\* This attendance list contains registered participants. For the list of participants, see TD/B/C.II/INF.11.

4. The following specialized agencies and related organizations were represented at the session:

International Labour Organization  
International Telecommunication Union  
United Nations Industrial Development Organization  
World Trade Organization

5. The following non-governmental organizations were represented at the session:

*General category*

International Chamber of Commerce  
International Institute for Sustainable Development  
International Network for Standardization of Higher Education Degrees  
Third World Network

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