

**Commission on Investment, Enterprise and Development  
Third Session**

**Friday, 6 May 2011  
Geneva**

**Item 6  
Promoting and strengthening synergies among  
the three pillars**

**By  
James Zhan  
Director  
Division on Investment and Enterprise  
UNCTAD**

The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

Mr Chairman,  
Distinguished Delegates,

You have before you advance copies of DIAE's 2011 Activities Report, which was prepared by the secretariat. The Report contains details on all activities undertaken by the Division on Investment and Enterprise over the last year. You will also find in the appendix an update on the implementation of the provisions of the Accra Accord related to the areas of work in investment and enterprise, which were already presented to you last October during the Review of UNCTAD's implementation of the Accra Accord.

Allow me to briefly present the overall delivery of the programme and to highlight the main achievements of the Division since the last Commission. In so doing, I will brief you more specifically on the implementation of the recommendations of last year's Commission.

Mr. Chairman, Distinguished Delegates,

At the outset, I would like to highlight the Division's overall delivery over the past year.

In 2010:

- \* Some 70 publications, reviews and reports were prepared, including the *World Investment Report*.
- \* 136 seminars and workshops (totaling over 150 days of training) were conducted. The training sessions organized throughout 2010 benefited some 2,350 participants of which an estimated 30% were women. This demonstrates the high need for technical assistance in the area of investment and enterprise development, and the considerable interest for DIAE's products.
- \* 60 conferences, meetings and special events were organized by the Division, which constitute a clear indication of its recognized intellectual leadership in the world investment community.
- \* Over 39 electronic newsletters, information notes and press releases, were issued, illustrating the capacity of the Secretariat to promptly react and analyze rapidly changing environment conditions, using newer and more user-friendly means.
- \* Finally, the division managed 9 e-networks of experts and 6 professional databases. This allows us to continue to be the lead source of information in the areas we specialize in and to facilitate the exchange of views and best practices among experts and investment and enterprise practitioners.

Overall 147 member States have benefited from DIAE's activities in 2010. The regional breakdown of our activities shows a balanced distribution of these activities amongst the regions, with special attention being paid to LDCs, landlocked developing countries, small-island developing States and other structurally weak, vulnerable and small economies. In 2010, 37 LDCs benefited from our activities, as did 23 Land-Locked Developing Countries (LLDCs) and 8 Small Island Developing States (SIDS).

Mr Chairman, Distinguished Delegates,

As you will remember, the Division has adopted a new strategic approach at the end of 2009. This strategic approach allowed the Division to better assist developing countries to benefit from increased flows of investment for Development, and from a stronger enterprise sector. These objectives were achieved through enhanced synergies among the three pillars of UNCTAD's work: research and policy analysis, consensus-building through intergovernmental bodies and technical assistance. They constitute the three pillars on which our three flagship activities and seven core products are built. They all contributed to mainstreaming the development dimension into international investment policy making and to promoting investment for sustainable development, especially in the poorest countries.

**Mainstreaming the development dimension into international investment policy making:**

In 2010, the two flagship activities of the Division, the **World Investment Report** and the **World Investment Forum** considerably contributed to reinforcing the intellectual leadership of the Division within the world investment community.

WIR 2010 'Investing in a Low-Carbon Economy' focused on the role that TNCs can play in supporting the transition of developing countries to a low-carbon economy. The issue marked the 20th anniversary of the WIR series and on this occasion, a number of significant improvements of its structure, substance, and style were introduced. The Report, launched in 65 countries, generated a considerable amount of public interest, with over 1,400 press reports and 12,300 downloads. As for previous editions, the policy analysis and recommendations of the Report were well-received by governments, including during the presentation made at high-level international events such as the last preparatory conference for the 2010 United Nations Climate Change Conference (COP 16).

Previous *WIRs* continue to generate concrete policy impact through its advice on how to establish a framework and develop national capabilities. As you will recall, building on *WIR09*, DIAE developed—in cooperation with the Food and Agriculture Organization (FAO), International Fund for Agricultural Development (IFAD), and World Bank—a set of Principles for Responsible Agricultural Investments (PRAI) for sustainable development. One of the main recommendations of last year's Commission was that we continue this work. Responding to this request, and in cooperation with other relevant institutions, we continued to operationalise the PRAI and to implement it. To this end, DIAE undertook dissemination to raise awareness of the principles, which is essential as a prelude to establishing guidelines for good practice. Among others, efforts are increasingly made towards securing solid buy-in by TNCs at all points in the agriculture value chain. We also developed indicators for each of the principles, to be followed by a delineation of appropriate monitoring mechanisms to ensure that sustainability occurs in practice. Finally, DIAE is working towards the creation of the resources and network to provide effective technical assistance in capacity- and institution-building to developing countries, including through the creation of a web-based *Knowledge Platform* on the PRAI. As a result of our work, the G20 requested DIAE to take the lead in developing options for promoting responsible investment in agriculture in the context of its pillar on food security.

Mr Chairman, distinguished delegates,

Last year's Commission also requested that UNCTAD continue identifying and addressing the challenges and opportunities for international investment to contribute more effectively to economic development for all countries. The WIF 2010 discussed how to promote sustainable investment and development in the new phase of globalization and take advantage of opportunities that could arise across the globe. I do not need to elaborate on this matter, as we have just seen the excerpts of the video of the WIF. Allow me just to mention that the Report on the WIF2010 will be published shortly.

[Eight high-level events and conferences were organized, which included the World Leaders' Investment Summit, Ministerial Roundtable, High-Level Tripartite Conference, International Investment Agreements (IIAs) Conference, Sustainable Stock Exchanges (SSE) Conference, 8<sup>th</sup> Meeting of the International Investment Advisory Council (IAC), the Conference on Sovereign Lending and Borrowing, and the Investment Showcase Event. The WIF was attended by over 1,800 global political and business leaders and investment stakeholders, including 9 Heads of States and 80 ministerial-level officials. It also received extensive press coverage, with over 250 accredited journalists and reached out to millions of people via live TV broadcasts and webcasts. These successes established the Forum as the new gravity centre for open, universal, inclusive and high-level international investment discourse and policy formulation.]

The second session of this Commission also welcomed the Division's collaboration with other institutions on quarterly reports on measures affecting international investment. The Division continued to provide a timely and e-based quarterly overview and analysis on international investment trends and policy developments at the national and international level through its **Global Investment Trends Monitor and the Investment Policy Monitor**. The information contained therein was largely relayed by international and developing countries' media, with some issues generating over 200 press clippings. Both monitors are also extensively cited in keynote speeches of senior policy-makers and in investment policy analysis worldwide. Throughout 2010, DIAE also continued to monitor investment policy developments in response to the reiterated requests by G20 leaders at their Summits. Furthermore, we actively participated in the G20 High-Level Development Working Group and provided substantive inputs on investment for development issues. As a result, the G20 Multi-Year Action Plan on Development requested that we lead the work on developing quantifiable indicators for economic value-added and job creation arising from private sector investment, as well as in promoting standards for responsible investment and in formulating appropriate policy recommendations.

Mr Chairman, distinguished delegates,

As the key focal point in the UN System for all matters related to **international investment agreements** (IIAs) and their development implications, DIAE provides the forum to advance the understanding of issues related to IIAs and their development dimension, including with reference to investor-State dispute settlement (ISDS). The IIA work programme provides an illustration of how synergies among the three pillars of UNCTAD's work.

In 2010, we continued to provide cutting-edge policy analysis in this area, finalizing two sequels of the series on *Issues in IIAs* and releasing two new volumes in the series of *International Investment Policies for Development*. Two issues notes were also produced to inform the IIAs community of latest developments in this area. We also maintained and updated five databases on IIAs.

On the basis of our in-depth analysis of the issues at stake, we provided technical assistance to five regional groups and nine developing countries to modernize their treaty content and address the challenges arising from investor-State dispute settlements. We also delivered regional and national training courses to over 300 beneficiaries and provided ad hoc technical assistance ranging from advisory work on specific IIA negotiations, the development of model BITs, the drafting of investment laws in follow-up to recommendations of the IPRs, and sensitization seminars on FDI and IIAs, at the request of 14 developing countries.

As part of its consensus-building activities and responding to a suggestion made by IIAs experts during the 1st session of the multi-year Expert Meeting on Investment for Development, DIAE organized the International Investment Agreements Conference 2010 during WIF 2010. The Conference, which focused on the central development and systemic challenges facing the current regime of IIAs and its ISDS system, brought together 223 IIA practitioners from 80 countries.

### **Promoting Investment for Development, especially in the poorest countries:**

At the national level, the Division strengthened its efforts to assist developing countries with designing policies to attract and benefit from increased FDI flows with specific emphasis placed on the integration of investment policies into national development strategies. Key DIAE products, such as Investment Policy Reviews and their follow-up, Investment Promotion and Facilitation, Intellectual Property Rights and Enterprise Development all participated in promoting sustainable investment and enterprises for realizing development benefits, especially in the poorest countries.

In 2010, four **Investment Policy Reviews (IPRs)** for Burundi, Belarus, El Salvador, and Sierra Leone were presented for intergovernmental peer-review at the ministerial level. As you witnessed on Tuesday, the Division also finalized the IPR Guatemala and the Implementation Reports for Ethiopia and Tanzania. Another five reviews are at different stages of preparation. So far, the implementation reports carried out by UNCTAD demonstrated strong implementation record in beneficiary countries, and increased interest for investment opportunities and investment flows. This, together with the increasing number of requesting countries wishing to benefit from the programme is a clear indication of the contribution of the IPR programme in allowing developing countries to attract and benefiting from higher levels of FDI.

As requested by member States, the Secretariat made every effort to provide timely follow-up assistance towards the implementation of recommendations. Nine countries, including five African LDCs, benefited from such assistance in 2010.

To better assist developing countries, especially LDCs, to attract and retain FDI through strengthened institutions and cutting-edge practices, DIAE launched a new **investment compact**. The compact encompasses several components, including the preparation of the toolkits of the Investment Advisory Series advisory services (which benefited a dozen countries in 2010), capacity-building workshops (10 were organized in 2010 to the benefit of 104 investment promotion officials from 33 developing countries, including 18 LDCs), and IPA networking. Again, the last dimension reached new heights during the WIF2010, with a high-level tripartite conference organized amongst heads of IPAs, business executives and senior government officials to discuss prominent issues related to trends and prospects of international investment, and new investment promotion strategies. In this regard, the UNCTAD Investment Promotion Awards, the second edition of which was organized on the opening day of this Commission, is another successful initiative.

Mr Chairman, distinguished delegates,

As you will recall, the second session of this Commission highlighted in its recommendation the importance of UNCTAD's initiatives with regard to business facilitation, and requested DIAE to further its assistance to developing countries in the development of i-portals. The i-Portal aims at identifying and publicizing good practices for the ease of creating and operating a business, and for attracting investment. As evidenced by the multiple statements from beneficiary countries during Tuesday afternoon's session of this Commission, the System, which is now operational in 12 countries and municipalities, has had a considerable impact.

In this area, the Division continued to pay specific attention to LDCs and other vulnerable economies: In 2010, four new investment guides were finalized for Benin, Comoros, Laos and Zambia, and the i-track (an investor targeting system) was installed in Benin. UNCTAD's investment guides will prominently feature in the investment showcase sessions that will be organized for four countries (Benin, Comoros, Lao PDR, and Zambia) by the Division during the upcoming LDC-IV Conference.

Mr Chairman, distinguished delegates,

One of your main recommendations, during last year's session, related to UNCTAD's assistance in building the technical and managerial capabilities of SMEs, including through its Empretec programme, and to the development of a policy-making tool for entrepreneurship development in developing countries. You witnessed a presentation of the six main areas of UNCTAD's Entrepreneurship Policy Framework during this Commission. Therefore, I will limit myself to point out that, with a view to facilitate the practical implementation of the entrepreneurship policy framework, DIAE works towards the development of a "toolkit" for policymakers in developing countries to enable them to formulate, monitor, and evaluate national policies for entrepreneurship and innovation. Throughout 2010, the programme also strengthened its capacity building activities in pursuing the installation of Empretec in eight developing countries and organizing training sessions that benefited some 650 entrepreneurs. Furthermore, two new projects in support of the Millennium Development Goals of eradicating extreme poverty were launched in Panama and Viet Nam. Over the years, the Empretec programme has had tremendous impact in developing countries. This triggered increased request for assistance from developing countries: at the end of 2010, there were 22 new requests for the installation of Empretec centres. In parallel, DIAE continued to run its successful Business Linkages Programme, which facilitates linkages between large firms and local SMEs, as a way of distributing wealth, alleviating poverty, and helping smaller firms integrate into the global economy. The programme is now active in seven developing countries where it has had considerable tangible impact, as evidenced by the various success stories reported in our 2010 Activity Report.

With a view to assist developing countries fostering their international competitiveness, DIAE also works towards promoting better accounting, auditing, corporate governance, and corporate responsibility. In the context of the 27<sup>th</sup> **ISAR**, which was attended by a record 275 experts from 81 countries, key elements of a capacity-building framework for high-quality reporting for developing countries were approved and the Division initiated the creation of a database of good practices on capacity-building in accounting and reporting. Other main achievements in 2010 included the organization of the second sustainable Stock Exchange Conference and

the publication of several analytical in-depth studies, including the 2010 *Investment and Enterprise Responsibility Review*, which provides an in-depth analysis of investor and enterprise policies on corporate social responsibility.

I am available for your questions.

Thank you.