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**Trade and Development Board**  
**Investment, Enterprise and Development Commission**  
**Eighth session**  
Geneva, 16 November 2016

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

Held at the Palais des Nations, Geneva, on 16 November 2016

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## I. Chair's summary

### A. Opening plenary

1. The Director of the Division on Investment and Enterprise made the opening statement, which was followed by those of the following delegations: Argentina, on behalf of the Group of 77 and China; Namibia, on behalf of the African Group; the Bahamas, on behalf of the Group of Latin American and Caribbean Countries; China; the Bolivarian Republic of Venezuela; Egypt; and Morocco.

2. The Director highlighted three challenges faced by countries in the area of financing for development, which drove the policy work of UNCTAD. First, there was a need to bridge the Sustainable Development Goals financing gap of \$2.5 trillion annually, to deliver on Agenda 2030 for Sustainable Development. Unlocking private sector investment was crucial in order to achieve this. Second, there was a need to boost productive capacity and expand global value chains to oil trade and investment, which had been depressed since the global financial crisis in 2008. Third, there was a need to unlock financing for the development of entrepreneurship and small and medium-sized enterprises, and private sector involvement would be a key factor here as well. The area of science and technology also faced three challenges, namely, the need for greater investment, the need to foster inclusiveness and reduce the digital divide and the need to improve the capacity of developing countries to leverage technology in support of delivering on the Sustainable Development Goals.

3. The Director reiterated the central role of investment to ensuring the successful implementation of Agenda 2030. However, policymaking trends in these areas were marked by divergence and dichotomy, and the Director highlighted two conflicting trends in this regard. On the one hand, countries were adopting policy measures to liberalize investment, while adopting restrictive measures in some industries and sectors. On the other hand, at the international level, there was fragmentation and a lack of coordination of an international investment agreement (IIA) regime. The Sustainable Development Goals presented specific policy dilemmas, notably the need to understand how private investment could be channelled to Goals-related sectors, which were mostly sensitive and in which the participation of private investment was restricted (for example health, education and infrastructure, such as water). At the same time, the proliferation of private standards, at industry, sector and even firm levels, contributed to complicating the operational environment for investors and exporters, particularly in developing countries. The Director referred to the mandates of UNCTAD in the areas of investment and enterprise and science and technology, noting that comprehensive and ambitious mandates had been received from the General Assembly and major conferences and summits, including the Third International Conference on Financing for Development and the fourteenth session of the United Nations Conference on Trade and Development (UNCTAD XIV). The Commission's deliberations would be of particular importance in providing intergovernmental guidance on how to implement these mandates.

4. All delegates underlined the importance of the work of UNCTAD on advancing the implementation of the Sustainable Development Goals, and commended the investment-driven approach put forward by UNCTAD in this context. Given the slowdown in investment, trade and global economic growth, delegates noted the relevance of addressing issues pertaining to the significant financing gap related to achieving structural economic transformation and the Sustainable Development Goals. One delegate emphasized the need for the secretariat to dedicate yet more attention to ways of overcoming the financing gap, and another delegate urged UNCTAD to strengthen its efforts to assist developing countries with the promotion and facilitation of responsible investment for sustainable development.

5. All delegates acknowledged the usefulness of practical policy frameworks developed by UNCTAD to assist developing countries in improving policymaking. They emphasized the continued relevance and impact of the work of UNCTAD, including the *Investment Policy Framework for Sustainable Development*, the Entrepreneurship Policy Framework, the Global Action Menu for Investment Facilitation and the tools available through the Investment Policy Hub, such as the unified database on IIAs. The representative of one regional group highlighted these frameworks and tools as models for what other expert meetings and intergovernmental working groups could accomplish.

6. With regard to research, several delegates noted the quality and topicality of *World Investment Report 2016*. The representative of one regional group lauded the secretariat for its assistance in the formulation of the Guiding Principles for Global Investment Policymaking, adopted by the Group of 20 in July 2016. UNCTAD had been closely involved in the drafting and negotiation of this document, which, the representative noted, would help build a better policy environment for international investment and contribute to inclusive and sustainable growth. UNCTAD was urged to continue collaborating with countries and other organizations to advance work on investment policymaking and IIA reform at the international level. Some delegates emphasized the need for additional resources to support the work of UNCTAD in the area of investment and enterprise, particularly to build policymaking capacity in developing countries, in order to ensure a level playing field in international negotiations and discussions on trade and development and, in particular, investment matters.

7. The Director of the Division on Investment and Enterprise presented the latest investment and entrepreneurship-related data and trends. Since the global financial crisis, investment flows had remained at levels below the peak reached in 2007, marking the fragility of the global economy. Investment flows had increased by 36 per cent in 2015, yet this growth had been largely attributed to mergers and acquisitions and corporate reconfigurations, which did not add productive capacity or jobs to the global economy. The road to foreign direct investment recovery was proving bumpy – flows were expected to decline in 2016, with a modest recovery forecast for 2017–2018. Dichotomy continued to characterize investment policymaking, at both national and international levels, with 78 per cent of policy measures implemented in 2015 focused on liberalization, compared with 86 per cent of such measures that had been favourable to investment in 2014. The number of IIAs continued to rise, yet at a slower pace. In 2015, 42 new IIAs had been signed, bringing the total global number of IIAs to 3,304. The complexity of this growing universe of IIAs needed informed navigation, and IIA reform was high on the international agenda.

8. UNCTAD had responded to dynamics in policy formulation needs by updating the *Investment Policy Framework for Sustainable Development* and developing a road map for IIA reform in 2015. Also in 2015, UNCTAD had identified a systemic gap in the area of policymaking to facilitate investment and, to fill this gap, had created the Global Action Menu for Investment Facilitation, to guide efforts to advance investment facilitation within the framework of the Sustainable Development Goals. Noting the strategic role of small and medium-sized enterprises in helping achieve the Sustainable Development Goals, the Director stated that the seventy-first session of the General Assembly would consider a resolution that would invite UNCTAD to “continue to provide support to and assist Member States, at their request, to identify, formulate, implement and assess coherent policy measures on entrepreneurship and the promotion of micro-, small and medium-sized enterprises”. The work of the Division on entrepreneurship development, already angled to the empowerment of groups such as women and youth, would in future increasingly focus on marginalized and vulnerable groups such as migrants and the rural poor.

9. The Director of the Division on Technology and Logistics presented recent developments concerning science, technology and innovation for development. Science, technology and innovation had been gaining visibility in helping address global challenges, particularly as a key component of the post-2015 development framework – including Agenda 2030, the Sustainable Development Goals and the Addis Ababa Action Agenda – and had been mainstreamed into this framework. The Nairobi Maafikiano adopted at UNCTAD XIV had given UNCTAD a renewed mandate to strengthen its work on science, technology and innovation and on information and communications technology (ICT) to contribute to meeting the Sustainable Development Goals, in particular to strengthen its work on electronic commerce (e-commerce) and the digital economy. The unprecedented scale and pace of structural transformation needed in developing countries to build productive capacity for inclusive development would require massive technology and innovation-driven improvements in productivity and competitiveness. The Director stated that the question to be addressed was how UNCTAD could best respond to the heightened emphasis on science, technology and innovation and ICT.

10. UNCTAD sought to capture synergies on these issues across the three pillars of its work. Its consensus-building work covered two distinct yet complementary areas. First, UNCTAD provided substantive servicing for the Investment, Enterprise and Development Commission and related expert meetings, in addition to conducting science, technology and innovation policy reviews. The latter illustrated that dramatic policy improvements were needed for developing countries to effectively use science, technology and innovation to meet the Sustainable Development Goals. Such technical cooperation work also showed that many countries did not yet give strategic consideration to science, technology and innovation policies and that existing policies often lacked adequate funding for implementation. Many countries did not yet integrate science, technology and innovation with other key development policies or mainstream science, technology and innovation into overall development policies. Lessons from the policy reviews fed into further research and consensus-building work by UNCTAD. Second, UNCTAD served as the secretariat of the Commission on Science and Technology for Development – the highest level intergovernmental advisory body in the United Nations on science, technology and innovation for development. The Commission was currently examining the following two priority themes: the role of science, technology and innovation in ensuring food security by 2030; and new innovation approaches to support the implementation of the Sustainable Development Goals. At its next session, the Commission would review recent advances in science, technology and innovation and their potential to increase agricultural productivity; new technologies that could help smallholders; and new funding mechanisms to support innovation in developing countries.

11. Several delegates expressed support for the work of UNCTAD on science, technology and innovation and ICT. The representative of one regional group requested that UNCTAD help developing countries identify applications for science, technology and innovation and productive capacity-building, particularly in sectors relevant for Africa, and noted the importance of closing technology gaps and the need for technological upgrading, as well as for skills and institutional development to absorb and adapt available technologies and innovate domestically. The representative of another regional group emphasized the potential for foreign direct investment to bolster trade competitiveness through innovation and enhanced productivity, in promoting technology transfer. One delegate noted that foreign direct investment should promote technology transfer, and another delegate highlighted the need to bridge the digital gap to promote development.

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

(Agenda item 3)

12. The Vice-Chair-cum-Rapporteur of the fourth session of the Multi-year Expert Meeting on Investment, Innovation and Entrepreneurship for Productive Capacity-building and Sustainable Development presented the report of the session. He noted the importance of a coherent policy approach to harness investment for the implementation of Agenda 2030. In this regard, the role of UNCTAD as the multilateral platform for engaging in sustainable development-oriented investment policymaking had been widely acknowledged, and UNCTAD had been requested to continue its systemic work on sustainable development-aligned IIA reform across its three pillars of work. The meeting had also emphasized the critical importance of entrepreneurship, technology and innovation to foster productive capacity-building and advance sustainable development. The Vice-Chair noted the need for entrepreneurship policies to be progressively aligned with the Sustainable Development Goals, as recommended under the Entrepreneurship Policy Framework. Governments and development partners needed to identify the key challenges facing entrepreneurs, develop entrepreneurship policies in a holistic way to address such challenges and monitor their implementation and impact to support enterprise development. UNCTAD had been requested to strengthen its support to countries in this area, and the meeting had contributed to the refinement of the *Investment Policy Framework for Sustainable Development*, Entrepreneurship Policy Framework and Science, Technology and Innovation Policy Framework. The quality and impact of these deliverables confirmed the efficacy of expert meetings as a platform for building consensus, based on exchanges of ideas and experiences, thereby stimulating action towards the strengthening of pro-development investment policymaking efforts.

13. The Commission took note of the report contained in document TD/B/C.II/MEM.4/12.

## **C. Report of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting on its thirty-second and thirty-third sessions**

(Agenda item 4)

14. In her presentation of the report of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting on its thirty-second session, the Chair of the session noted that the Group of Experts had considered the following agenda items: key foundations for high-quality reporting – international audit and assurance requirements and good practices in their implementation; and review of good practices on enhancing the role of corporate reporting in attaining the Sustainable Development Goals. Delegates had highlighted challenges related to the effective implementation of international standards on auditing, such as the assurance of non-financial reporting, audits of small and medium-sized enterprises and financial reports prepared by public sector entities. The Group of Experts had requested UNCTAD to continue facilitating the sharing of good practices in the consistent implementation and enforcement of international auditing and assurance standards, including by preparing case studies and organizing capacity-building seminars and workshops. With regard to the second agenda item, the Group of Experts had highlighted the increased urgency of the demand for integrating sustainability information into the reporting cycle of enterprises, in view of the adoption of the Sustainable Development Goals, and had requested UNCTAD to conduct further work,

in collaboration with the consultative group, with a view to identifying good corporate reporting practices on the Sustainable Development Goals and facilitating the harmonization of sustainability reporting.

15. In her presentation of the report of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting on its thirty-third session, the Chair of the thirty-second session noted that the Group of Experts had considered the following agenda items: practical implementation of compliance monitoring and the enforcement of accounting and audit requirements for high-quality reporting; and enhancing the role of reporting in attaining the Sustainable Development Goals – integration of environmental, social and governance information into company reporting. The Group of Experts had requested UNCTAD to incorporate comments and suggestions made by delegates at the session into the draft of the document entitled “Monitoring of compliance and enforcement for high-quality corporate reporting: Guidance on good practices” and to publish it as a guiding document for wider dissemination; and to advance its work, in collaboration with the consultative group, on the selection of a limited number of core Goals-related indicators for company reporting to facilitate the harmonization of sustainability reporting, in alignment with the monitoring framework for the Sustainable Development Goals and its indicators, with a view to developing a guiding document to assist member States in their efforts to enhance the role of corporate reporting in the monitoring mechanism for the Sustainable Development Goals.

16. The Chair highlighted the role of financial and non-financial reporting in monitoring progress on the implementation of the Sustainable Development Goals. The thirty-second session had underscored the essential role that auditing and assurance standards played in facilitating capital formation by fostering investor confidence that could lead to the mobilization of domestic and international resources. The thirty-third session had advanced on this topic, discussing practical ways of implementing compliance monitoring and the enforcement of accounting and audit requirements for high-quality reporting, and had considered ways to enhance the role of reporting in the monitoring of the implementation of the Sustainable Development Goals by integrating environmental, social and governance information into reporting. In addition, the Chair detailed a variety of activities that the secretariat had been carrying out to promote the work of the Group of Experts, including the following: a high-level policy dialogue on sustainability reporting, held in Nairobi on 21 July 2016, during UNCTAD XIV; technical workshops on international accounting and reporting standards pertaining to both the private and public sectors; a technical assistance project implemented under the United Nations Development Account with components on financial inclusion and accounting for micro, small and medium-sized enterprises; and assistance provided to member States in the process of implementing the Accounting Development Tool.

17. During the ensuing discussion, one delegate requested UNCTAD to facilitate communications between delegations based in Geneva, Switzerland and New York, United States of America, with a view to increasing the number of member States elected by the Economic and Social Council to become members of the Group of Experts. The secretariat highlighted efforts made in this regard, including teleconferences, briefings for delegations by UNCTAD staff members and a series of luncheons conducted by the UNCTAD Secretary-General with delegations in New York.

18. The Commission took note of the reports in documents TD/B/C.II/ISAR/75 and TD/B/C.II/ISAR/79, and approved the provisional agenda that the Group of Experts had proposed for its thirty-fourth session.

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

(Agenda item 5)

19. The Director of the Division on Technology and Logistics and the Director of the Division on Investment and Enterprise reported on progress made in promoting and strengthening the synergies among the three pillars of UNCTAD – research and analysis, technical cooperation and consensus-building – in the areas of science, technology and innovation, and investment and enterprise development, and described the main achievements and impacts resulting from the delivery of UNCTAD mandates.

20. With regard to research and analysis, the Director of the Division on Technology and Logistics highlighted the Division's biennial flagship publications and its studies, focusing on developing countries, best practices and lessons learned. At the core of the technical cooperation pillar were the science, technology and innovation policy reviews, and, with regard to consensus-building, the Division provided servicing for a number of expert meetings, assisted in the Investment, Enterprise and Development Commission and was a focal point within UNCTAD as the secretariat of the Commission on Science and Technology for Development. The latter had dual mandates covering science, technology and innovation and ICT, including the United Nations system-wide follow-up of the World Summit on the Information Society process. The Director stated that the Division was carrying out extensive work on e-commerce and the digital economy. Overall, the Nairobi Maafikiano had given UNCTAD a strong mandate to strengthen its work on science, technology and innovation and ICT for development, and UNCTAD was seeking further synergies between its three pillars.

21. In the ensuing discussion, several delegates expressed their appreciation for the work of UNCTAD on science, technology and innovation issues, especially e-commerce, which played an important role in the economy. It was suggested that E-Commerce Week in 2017 be held concurrently with the meeting of an intergovernmental expert group on e-commerce and the digital economy. One delegate encouraged UNCTAD to support the implementation of the Paris Agreement under the United Nations Framework Convention on Climate Change, as it provided an excellent opportunity to consider transport, ICT and science, technology and innovation policies. Another delegate encouraged UNCTAD to continue to support developing countries in harnessing science, technology and innovation policies to achieve the Sustainable Development Goals.

22. With regard to a query on intellectual property rights, the Director of the Division on Technology and Logistics noted that UNCTAD was not the main United Nations agency responsible for intellectual property rights issues, yet had an important role to play through its work on science, technology and innovation issues, which covered intellectual property rights as a development tool, given the implications for science, technology and innovation. In addition, the Director of the Division on Investment and Enterprise noted that the Division had a section dedicated to intellectual property rights, focused on the development of pharmaceutical production capacities in the least developed countries. Furthermore, UNCTAD collaborated with the World Intellectual Property Organization on intellectual property rights through joint initiatives, programmes and field work.

23. The presentation of the Director of the Division on Investment and Enterprise focused on the Division's achievements across the three pillars of the work of UNCTAD through the implementation of results-based management, emphasizing the impact (medium-term and long-term outcomes), relevance, quality, efficiency and effectiveness of the activities carried out by the Division. The Director described the Division's strategy and underlined its orientation to supporting investment in sustainable development and, in particular, to aligning its activities with the Sustainable Development Goals. The approach

adopted by the Division had been evaluated by several external evaluators of subprogramme 2 as exemplary of results-based management, and held up as a model of best practices worthy of emulation.

24. Delegates lauded the high quality and impact of the work of UNCTAD on investment and enterprise for development, as well as the transparent and results-based reporting approach of UNCTAD, noting the clear impacts that it demonstrated. Building on the Division's *Results and Impact Report 2016*, and in response to some delegates, the Director elaborated on issues such as synergies between the three pillars of the work of UNCTAD, cooperation with other programmes and organizations and the relevance and usefulness of its policy tools in various economic environments. There was consensus that the work of UNCTAD on investment and enterprise should continue to be strengthened, specifically in alignment with Agenda 2030.

## **II. Organizational matters**

### **A. Election of officers**

(Agenda item 1)

25. At its opening plenary meeting on 16 November 2016, the Commission elected Mr. Robert Waller (United States) as its Chair and Mr. Fredrick Matwang'a (Kenya) as its Vice-Chair-cum-Rapporteur.

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

(Agenda item 2)

26. At its opening plenary meeting, the Commission adopted the provisional agenda for the session (TD/B/C.II/32). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Report of the Multi-year Expert Meeting on Investment, Innovation and Entrepreneurship for Productive Capacity-building and Sustainable Development
4. Report of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting on its thirty-second and thirty-third sessions
5. Progress report on promoting and strengthening synergies among the three pillars
6. Other business
7. Adoption of the report of the Commission to the Trade and Development Board

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

(Agenda item 7)

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



## Annex

### Attendance<sup>1</sup>

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

Algeria	Indonesia
Austria	Iran (Islamic Republic of)
Belgium	Japan
Brazil	Kenya
Canada	Madagascar
Congo	Mongolia
Cuba	Namibia
Côte d'Ivoire	Nepal
Djibouti	Philippines
Ecuador	Sudan
Egypt	Tunisia
Ethiopia	United States
France	Venezuela (Bolivarian Republic of)
Greece	Zimbabwe

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

African, Caribbean and Pacific Group of States  
European Union

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

World Tourism Organization

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

*General category:*

International Centre for Trade and Sustainable Development

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<sup>1</sup> This attendance list contains participants. For the full list of registered participants, see TD/B/C.II/INF.8.