UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD

# DIVISION ON INVESTMENT AND ENTERPRISE (DIAE)

## 2019 IMPACT STORIES

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# INVESTMENT POLICY FRAMEWORK FOR SUSTAINABLE DEVELOPMENT

## UNCTAD INVESTMENT TOOL SHAPES GLOBAL REGIME

### 150 countries use framework, including ACP, EU, G20

UNCTAD developed its Investment Policy Framework for Sustainable Development (IPFSD), updated in 2015 as a set of core principles for investment policymaking to guide the development of national and international investment policies. The principles translate the challenges of investment policymaking into a set of “design criteria” for investment policies.

To date at least 150 countries and regional organizations have used or referenced the framework and/or the core principles to develop their own investment policies, tools and guidelines, while 60 countries have used the framework for the formulation of model treaties or real-world investment agreements.

Examples of the adoption and reference of UNCTAD’s investment principles abound. The EU’s new trade and investment strategy *Trade for All* of 2015 invoked UNCTAD’s prognosis on international investment agreements reform and subsequently, in 2016, the European Parliament called on the European Commission “to advance the UNCTAD comprehensive Investment Policy Framework for Sustainable Development” and to follow the framework’s recommendations to foster “more responsible, transparent and accountable investments” (resolution 2015/2015(INI) of 5 July 2016 on an innovation future strategy for trade and investment).

UNCTAD’s investment principles also form the bedrock for several sets of regional investment principles, including:

- the G20 Guiding Principles for Global Investment Policymaking (2016);
- the joint African, Caribbean and Pacific (ACP) – UNCTAD Guiding Principles for Investment Policymaking (2017); and
- the Organisation of Islamic Cooperation (OIC) Guiding Investment Principles (under development).

For the development of the G20 principles (2016), the Trade and Investment Working Group (TIWG) of the G20 drew on the core principles of UNCTAD’s IPFSD.

In 2017, the ACP Group of States adopted the joint ACP - UNCTAD Guiding Principles for Investment Policymaking. These Principles, covering 79 developing countries, were jointly developed by UNCTAD and the ACP Secretariat. They were developed as part of the partnership between the two institutions after consultation with ACP members States and regional organizations. While they draw heavily on the guidance set out in UNCTAD’s core principles, they also reflect ACP countries’ specificities and priorities for investment policymaking.

Presently, the principles inform policy action by ACP countries seeking to harness investment for concrete sustainable development outcomes. At a time of increasing engagement in «mega-regionals”, the joint principles are also used by ACP countries as a guiding tool in the negotiations of investment provisions for renewed trade agree

In 2018, the OIC covering 57 countries, developed in close cooperation with UNCTAD a set of Investment Principles for OIC countries. The principles were discussed and agreed at the expert level in Casablanca, Morocco in 2018 and have been submitted to member States for formal endorsement (this process is ongoing).

In 2019, the Kingdom of Saudi Arabia adopted seven Guiding Principles for Investment Policymaking, inspired by the G20 principles, the OIC principles and UNCTAD's principles.

Through the above process, UNCTAD's core principles are effectively shaping the international investment landscape to make it more conducive to sustainable development objectives.


## IPFSD AND THE SDGS

**The IPFSD has rapidly become a trusted reference guide for more than 150 countries to review their laws and treaties or make new regulations, policies and treaty provisions. In this way the programme contributes to social well-being and environmental goals, such as:**


**SDG 1 target B: to create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions.**

**SDG 16 target B: to promote and enforce non-discriminatory laws and policies for sustainable development.**


**SDG 17 target 14: to enhance policy coherence for sustainable development;**

**SDG 17 target 16: to enhance the global partnership for sustainable development complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources.**

# WORLD INVESTMENT FORUM

## CREATING A GENEVA-BASED HUB FOR SDG FINANCING

### Event draws 6,000 delegates

The World Investment Forum (WIF) serves as one of UNCTAD's key flagships to leverage investment policy for sustainable development through dialogue at the highest level. Its orientation towards investment and enterprise for development puts the platform at the very heart of implementing and financing the Sustainable Development Goals (SDGs). 2018 marked the 10th anniversary edition of the Forum.

The convening power of the Forum is significant, and therefore its potential to advance strategic solutions by identifying and bridging gaps borne from competing goals and priorities, is unmatched. The 2018 Forum drew over 6,000 investment-development stakeholders from 186 countries, bringing together 11 Heads of State, over 50 ministers and 70 parliamentarians. Just under 2,000 private sector delegates participated, including executives of global companies, central banks, stock exchanges, sovereign wealth fund managers and investment funds. Also in attendance were policymakers and investment treaty negotiators, investment promotion agencies, international investment location experts, and family business. The stakeholder spectrum also encompasses international organizations, civil society representatives, eminent scholars and the international media.

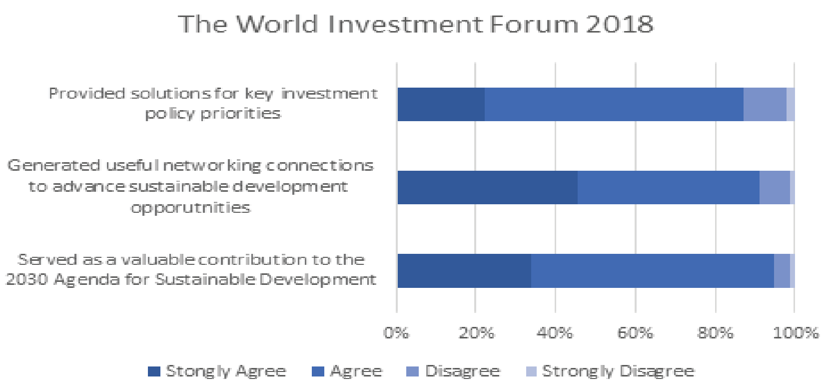
The gathering thrashed out investment-led solutions, including in the area of:

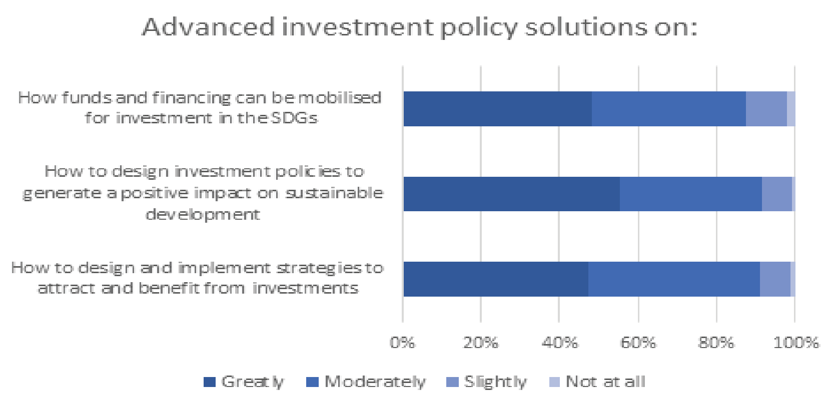
- providing direction and content on investment policy for sustainable development;
- identifying and unlocking financing for the SDGs;
- identifying the needs of vulnerable groups and exploring solutions to include them in advancing SDG objectives.

These objectives are aligned with the *Strategy for Financing the 2030 Agenda for Sustainable Development*, outlined by United Nations Secretary-General, António Manuel de Oliveira Guterres in September 2018. The Strategy presents the UN SG's vision for the specific contribution of the United Nations to advance the 2030 Agenda over the three-year period to 2021.

Another key outcome was the recommendation from permanent representatives to form a cohort in partnership with the private sector and Geneva-based international institutions to establish the city as an investment-financing hub for the SDGs. The group will also converge as a think tank to keep the momentum going on SDG implementation outside Forum years. For a more detailed breakdown of how stakeholders viewed the value of the Forum, see graphs.

The Forum also provided a valuable opportunity to advocate to critical stakeholders the need to use a gender lens when developing and implementing sustainability-oriented investment policymaking strategies. The economic effects of such strategies were displayed front and centre in select panels, further buttressing the case to mainstream gender considerations in national and international investment policymaking.




Source: UNCTAD survey

## WIF AND THE SDGS

Serving as a platform for exchange between government and corporate leaders on the role of private sector finance, the World Investment Forum provides an opportunity to articulate initiatives for advancing the SDGs and offers a vision to national governments, financial institutions and the business community on how to direct investment towards key SDG sectors, thereby contributing to:

SDG 10 target 6: to ensure enhanced representation and voice for developing countries in decisionmaking in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions; and.

SDG 17 target 16: to enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries. – to build on existing initiatives to develop measurements of progress on sustainable development that complement gross domestic product and support statistical capacity building in developing countries.

# WORLD INVESTMENT REPORT AND FDI STATISTICS

## WORLD INVESTMENT REPORT LEADS THE FIELD IN INVESTMENT POLICYMAKING

### FDI data aid policy, development decisions

The World Investment Report (WIR) series has been a respected UNCTAD flagship for years, guiding investment-related policymaking globally. The report, which is trusted for its annual statistics on foreign direct investment (FDI) flows and analysis of key trends in all markets and prognostication of future flows, also tackles current investment-related themes.

These provide policymakers with the knowledge and wherewithal to respond effectively to global investment-related developments, support productive capacity-building and facilitate countries' effective integration in the global economy. The FDI database draws on average two million visitors to UNCTAD's website, making it one of the most visited sites.

**Downloaded more than 600,000 times a year, the WIR is widely referenced in academic journals and annually attracts almost 1,700 news articles from international media outlets such as The Wall Street Journal, the Economist, the Financial Times, BBC, Reuters, Deutsche Welle and Dow Jones.**

In recent years WIR research has:

- pried open the phenomenon of global value chains that now drives 80% of global trade (2013)
- teased out the policy implications of the complex ownership structures of transnational corporations (2015)
- proposed a framework for global investment governance reform, which included a groundbreaking inquiry into international taxation from an investment perspective, replete with a diagnosis for a policy approach to investment and tax to strengthen coherence (2016)
- mapped out investment development in the context of new digitalization and spelled out an investment policy framework for the digital age (2017)
- assessed new era industrial policymaking and proposed design criteria to modernize industrial development- related investment policy (2018)

The 2014 WIR was dedicated to the 2013 Agenda priorities, anticipating the investment needs of what would become the SDGs and identified the universally cited $2.5 trillion investment gap to meet the goals. It also spelled out a comprehensive Action Plan for investment in the SDGs, that earmarks efforts at multiple levels covering public and private and international organization responsibilities. Since 2014, the Action Plan has also informed UNCTAD's own investment-related technical assistance interventions and oriented research priorities to ensure the DIAE programme's maximum contribution to the goals.

The attention the report receives bears testament to its influence. The WIR has consistently been UNCTAD's most downloaded publication, averaging almost 600,000 downloads annually over the past five years and is widely cited in academic journals (with an average 2,900 academic citations per year during 2014-2018 (Google Scholar)). The release of the report every year receives universal media coverage, with the five-year annual average of news articles on the WIR numbering 1,690, and solicit interview requests from influential media outlets that include The Wall Street Journal, Economist, Financial Times BBC News Service, Reuters, Deutsche Welle and Dow Jones.

UNCTAD's FDI statistics work, which forms the data backbone of the WIR, is recognized as an authoritative source of FDI data and on this basis UNCTAD works closely with other international organizations, such as the OECD, the IMF and Eurostat on improving the methodology to collect data on FDI flows and multinational corporation activities.

The influence of the WIR and UNCTAD's FDI statistics work is also in evidence through its use and referencing by prominent institutions. For instance, EuroStat, the European Commission's directorate general for statistics, liberally cites UNCTAD FDI statistics in a web-based resource series Statistics Explained, which sets out to provide information about European statistics. The European Commission's T*rade for All Strategy*, which currently guides strategy for the EC on trade and investment policy, refers to the influence of the 2015 WIR assessment on the need for global investment governance reform.

1 NO POVERTY

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

### WIR AND THE SDGS

The strategic policy frameworks developed and published in the World Investment Report support policymaking at multiple investment levels, thereby working in consort to support:

SDG 1 target B: to create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions.

SDG 16 target B: to promote and enforce non-discriminatory laws and policies for sustainable development.

SDG 17 target 3: to mobilize additional financial resources for developing countries from multiple sources;

SDG 17 target 15: to respect each country's policy space and leadership to establish and implement policies for poverty eradication and sustainable development;

SDG 17 target 14: to enhance policy coherence for sustainable development.

# INTERNATIONAL INVESTMENT AGREEMENTS

## MAPPING THE WAY FOR IIA REFORM

### The Morocco-Nigeria BIT as landmark for development-oriented treaty making

The International Investment Agreement (IIA) programme is singularly geared to align international investment treaties with development principles to minimize their negative impact on communities and orient them towards the objectives espoused in the 2030 Agenda. To date more than 60 countries have applied aspects of UNTAD's IIA reform package, which includes the Road Map for IIA Reform, for drafting or revising investment treaties.

At a time of increasing ambivalence toward instruments of investment arbitration, the Morocco-Nigeria bliateral investment treaty (BIT) of 2016 showcases that a well-crafted instrument can serve the interest of all contracting parties, by offering investor protection without compromising the State's right to pursue legitimate policies. The treaty includes innovative provisions that:

- ensure investment contributes to sustainable development;
- encourages responsible investment;
- protects host countries' right to regulate;
- more clearly delineates investor access to international arbitration.

Such provisions were directly inspired by UNCTAD's investment policy tools (the Investment Policy Framework for Sustainable Development (2012) and the Reform Package for the International Investment Regime (2018)). In the run-up to the conclusion of the BIT, the treaty negotiations teams from the two countries met during UNCTAD's regional workshop for IIA negotiators that was held in Casablanca, Morocco ("*International Investment Agreements: Negotiating for Sustainable Development*"). The workshop built the capacity of treaty negotiators from over 30 countries on the sustainable development dimension of investment policymaking. In addition to the networking opportunities the workshop provided, it also helped build consensus between treaty negotiators on the need to reform their approaches to BITs and to draft more modern treaties that balance investment protection and sustainable development objectives.

**UN General Assembly endorse IIA programme**

UNCTAD backstops the ongoing IIA reform work of countries. The importance of this work is formally acknowledged in the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, which urged UNCTAD to "continue its existing programme of meetings and consultations with member States on investment agreements" (paragraph 91). The UN General Assembly reiterated this call in December 2016 in a resolution that: "Encourages the United Nations Conference on Trade and Development to continue its existing programme of meetings and consultations with Member States on investment agreements and investment policies that promote a better understanding of issues related to international investment agreements and their development dimensions in accordance with its mandate" (A/RES/71/215, par. 23).

Prior to the regional workshop, both Morocco and Nigeria had also benefited from UNCTAD's advisory services on their respective model treaties. Again, advisory services were carried out through the application of UNCTAD's analytical frameworks and tools.

UNCTAD's engagement with the two countries resulted in more constructive, efficient and sustainable development-oriented negotiations for their BIT. UNCTAD's support also resulted in the development of in-house mechanisms to evaluate the countries' existing treaty networks and the formation of a task force by both countries to explore the best possible approach to reform their existing treaties.

**Mr. Mohamed Benchaaboun, Minister of Economy and Finance, Morocco**

"Je tiens à vous remercier ainsi que vos services pour la qualité des commentaires et recommandations formulées dans votre rapport."




## ALIGNING INVESTMENT TREATIES WITH THE SDGS

SDG 1 target B: to create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions.

SDG 16 target 10: to ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.

SDG 17 target 14: to enhance policy coherence for sustainable development;

SDG 17 target 15: to respect each country's policy space and leadership to establish and implement policies for poverty eradication and sustainable development; and

SDG 17 target 16: to enhance the global partnership for sustainable development complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources.

# INVESTMENT POLICY REVIEWS

## HELPING COUNTRIES DIVERSIFY & ATTRACT MORE INVESTMENT

### FDI surges in beneficiary countries

UNCTAD's investment policy reviews (IPRs) are designed to help countries diversify their economies and attract more and development-oriented investment through a review of their regulatory and institutional environment for investment, upon which tailored policy advice and concrete recommendations are provided. The reviews have proven instrumental in strengthening developing countries' investment policy frameworks and strategies to support development in line with SDG objectives and have boosted FDI flows and development gains at minimal cost. Since the inception of the Investment Policy Framework for Sustainable Development, IPRs embed the framework and its principles in review to foster linkages with the 2030 Agenda that cuts across all of the SDGs.

Results in the longer run have been pronounced. Tracking FDI over time shows an annual average increase of 206 per cent in FDI flows to 15 IPR countries[1] surveyed in the five years following the review, compared to the five-year period before the review. A comparison of the FDI performance of the 15 countries also confirmed a positive relationship between the increase in FDI flows and the rate of implementation of IPR recommendations. Some countries' rise in FDI flows was even more dramatic. Rwanda, for instance, saw flows surge eightfold in the five-year-period after the IPR compared to the same period before the review, the Dominican Republic saw FDI jump fourfold in the same timeframe. IPR countries have been active reformers, with more than 80 per cent of IPR recommendations implemented – half of which with UNCTAD's assistance.

Average annual FDI flows to IPR countries more than trebled


Source: UNCTAD

The IPR recommendations emphasize the utility of minimizing and streamlining business requirements and procedures, IPRs synergize with our eGovernance programme by recommending its adoption as part of the proposals. This has seen IPR countries surge ahead in international business rankings that rate the operational environment for the private sector. Two-thirds of the 15 economies with an implementation report have featured as a top ten reformer in the Doing Business rankings since 2006. Of these, six economies were featured multiple years.

[1] In 2018 UNCTAD surveyed the 15 countries that have received IPRs and subsequent implementation reports to gauge the longer-term impact of the programme. The countries are: Benin, Botswana, Colombia, the Dominican Republic, Egypt, Ethiopia, Ghana, Kenya, Lesotho, Mauritius, Morocco, Rwanda, the United Republic of Tanzania, Uganda and Zambia.

The ranking of the World Bank also rates countries' so-called "distance to frontier" – a measure for regulatory efficiency. On this front 13 IPR countries improved their distance to frontier score by an average of 5.37 points, propelling the average score of the 15 IPR countries surveyed from the fifth to the fourth decile of all economies globally between 2010 – the first year the distance to frontier was measured – and 2018. Of these, Colombia, the Dominican Republic, Egypt, Ghana, Mauritius, Morocco, Rwanda and Zambia have featured consistently among the top 50 economies to narrow the frontier.

The importance and relevance of the IPR work is reflected by the involvement of Heads of States or governments in the process and their commitment to implement its outcome. In most cases, the IPRs have been presented to and discussed with Heads of States and cabinet ministers. Development partners have also expressed their interest. The IPR programme's efficacy is also underscored by the long pipeline of country requests for reviews to be conducted. Twenty-seven countries have requested and are currently awaiting investment policy reviews – eight of which are least developed countries (LDCs).

### IPRS AND THE SDGS

**Investment policy reviews have had a marked effect on the investment institutions and legislation in implementing countries, thereby propping up objectives under several SDGs:**

1 NO POVERTY

**The IPR for Mauritius spawned new labour legislation which has helped address a need highlighted in the IPR to clarify labour contract termination procedures, contributing to SDG 1 target B: to create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions.**

8 DECENT WORK AND ECONOMIC GROWTH

**The Botswana Investment and Trade Centre was established in line with IPR recommendations to engage in proactive and selective investor targeting. The Centre was instrumental in facilitating $135 million of foreign investment and $126 million in business expansion, creating +3,000 jobs in 2014-15, contributing to SDG 8 target 2: to achieve higher levels of economic productivity through diversification, technological upgrading and innovation.**

17 PARTNERSHIPS FOR THE GOALS

**Morocco has implemented, or is implementing, more than 80 per cent of its IPR proposals, including the reform and simplification of business start-up procedures, and the adoption of a new tax code a law on public-private partnerships (PPP). Immediately investment needs in transport and logistics infrastructure in Morocco are estimated at MAD166 billion, a third of which will be funded by the private sector. The PPP law is expected to facilitate this, thereby contributing to SDG 17 target 3: to mobilize additional financial resources for developing countries from multiple sources.**

# INVESTMENT PROMOTION AND FACILITATION

## PROMOTION GEARED TO FOSTER INVESTMENT IN RENEWABLE ENERGY

### India expands solar power

Building on the experience of previous decades, developing countries have been somewhat disappointed by their expectation that FDI inflows would act as a catalyst for structural transformation and development. They found that the benefits of FDI inflows were not automatically reaped and disseminated for the optimal benefit of the local economy. National-level institutions, such as Investment Promotion Agencies (IPAs) and outward investment agencies, have therefore become critical intermediaries, in order to ensure that the benefits of FDI flows are maximized and directed toward the achievement of a country's national plans and programmes, including in relation to its sustainable development objectives.

UNCTAD works directly with these national-level institutions, to enhance the capacity of developing countries – particularly LDCs, landlocked least developed countries (LLDCs) and small island developing states (SIDS) – to mainstream strategic and operational best practice in investment promotion and facilitation to mobilize more FDI and steer it towards SDG sectors.

UNCTAD most recently provided a suite of advisory services, aiming to strengthen the capacity of India's IPA – Invest India – to implement more relevant and effective investment promotion and facilitation strategies, that could enable it to attract more FDI toward the direct achievement of the SDGs. UNCTAD recommendations were integral for developing India's renewable energy investment promotion strategy especially in regard to promoting FDI projects in solar energy. The country is well on its way to implementing the world's largest expansion plan in renewable energy. It now has the fourth largest installed capacity of wind and fifth largest of solar power in the world. The world's largest solar plant (648MW) was commissioned within a record eight months, and the world's largest solar park (2GW) are now in India, as a result of the support provided by Invest India.

**Mr. Dushyant Thakor, Vice President of Invest India**

"UNCTAD's advisory services to share global best practices for the promotion of investments in renewable energy made a difference to Invest India's endeavour in the area, and contributed to the successful materialization of a number of high-impact projects in the solar and wind energy sectors."

Not only does UNCTAD provide bespoke advice to countries at the national level, it also ensures its extensive knowledge base and analysis is easily accessible to the wider community of IPAs. UNCTAD's greenFDI.org platform is designed to meet the learning and networking needs expressed by IPAs to promote green and other sustainable investment. Most recently the platform included a new Gender Resource Center Category, raising awareness among investment promotion specialists on the gender-related effects of green investments.

7 AFFORDABLE AND CLEAN ENERGY

10 REDUCED INEQUALITIES

17 PARTNERSHIPS FOR THE GOALS

### PROMOTING AND FACILITATING INVESTMENT INTO THE SDGS

Countries with great needs for investment in projects contributing to sustainable development often lack institutional capacity to catalyse foreign investment and maximize benefits generated by FDI inflows. UNCTAD strengthens the capacities of these countries to promote investment and gives them tools to identify, target, and facilitate strategic investment projects. Such activities contribute to:

SDG 7 target B: to expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular LDCs, SIDS, and LLDCs, in accordance with their respective programmes of support.

SDG 10 target B: to encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular LDCs, African countries, SIDS and LLDCs, in accordance with their national plans and programmes.

SDG 17 target 5: to adopt and implement investment promotion regimes for LDCs.

# BUSINESS FACILITATION

## eGOVERNANCE: CUTTING COSTS, FIGHTING CORRUPTION IN EL SALVADOR

### Project boosts tax income

Easy access to relevant information and streamlined business procedures are some of the most powerful keys to help enterprise thrive and encourage more investment. UNCTAD's web-based eGovernment systems help developing countries improve their investment and business climate through transparency, simplification and the automation of business rules and procedures. This makes business establishment and operation procedures easier, quicker and less expensive.

A programme implemented in El Salvador — funded by the US Department of State's international narcotics and law enforcement office — to improve governance and build trust in government has yielded remarkable results in a short time span.

Since the inception of an online portal for business start-ups in 2017, the number of businesses registered has shot up by 822 per cent — more than fourfold the hoped-for target. As a result, www.Miempresa.gob.sv, the website set up for this purpose, was formally established in 2018 by the government as the sole channel for business registrations in El Salvador. Associated with these developments, 1,052 new taxpayers have registered for VAT, which is anticipated to add an additional $1.2 million annually to State coffers.

As part of the project, 2018 saw the introduction of measures to address corruption. An anti-corruption hotline was set up and communicated to 80,000 households in Santa Ana. This has led to the report of 50 alleged cases of corruption, eight of which have been referred to the general prosecutor's office. More than 650 calls reporting inefficient services were received from citizens and businesses; enabling the government to address and solve the problems at source. Anti-corruption processing and prevention training was given to 315 public agents to ensure effective management of the anti-corruption initiative.

**Ms. Tatiana Saavedra, Head Current Accounts, Municipality Santa Ana**

"The new Solvency module allowed us to reduce by 86% the time it takes to issue a tax solvency and to eliminate the possibility for our agents to delete files or condone obligations, as it used to happen in the past."

**Mr. Luis Paz, Coordinator of MiEmpresa.gob.sv, Digestyc**

"Until recently, 26,000 companies from all over El Salvador had to file at the office of Digestyc in San Salvador to obtain the solvency of statistics and census, at an estimated administrative cost of $40 per filing. Since August 2017 the application can be made online, saving companies $1.3m."

The El Salvador project has so far facilitated the online documentation of 414 administrative procedures, detailing 1,163 steps, with 4,823 forms and documents posted online, 208 laws and regulations publicized and the contact data of 454 public agents made available on a free-access website at tramites.gob.sv.

UNCTAD's eGovernance system encompasses eRegistration and eRegulation portals, while a trade portal, focusing on trade regulations and requirements, has been developed as a product extension of the eRegulations. The trade portals are very popular and the number of users of the websites have increased threefold between 2016 and 2017.

To date, more than 4,000 procedures are documented in national eRegulations systems, with 15,600 steps (interactions between a user and an administration), 45,500 forms, 4,500 norms and laws accessible online and more than 5,200 civil servant contact data. Three million people visited national and provincial eRegulations websites worldwide in 2017 alone – an increase of almost 30 per cent on the previous year's visits.

**Ms. Rosa Contreras, Tax Manager, Municipality of Santa Ana**

**"The new tax system database has helped us identify crucial facts: 54% of entrepreneurs do not pay municipal service taxes, 30,000 accounts are not billed. We can now find the debt origin and its structure. We have all the data we need for strategic planning and making an operations manual."**

8 DECENT WORK AND ECONOMIC GROWTH

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

## eGOVERNANCE AND THE SDGS

The guiding ethos of the eGovernance and trade portal suite is to increase transparency and foster greater efficiency and improved governance in public service to the small and medium-sized business sector. In this manner it contributes directly to:

SDG 8 target 3: to promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

SDG 16 target 5: to substantially reduce corruption and bribery in all their forms.

SDG 16 target 6: to develop effective, accountable and transparent institutions at all levels.

# INTELLECTUAL PROPERTY RIGHTS

## AN INVESTMENT LENS ON IP FOR DEVELOPMENT

### Countries follow advice on policymaking

UNCTAD's intellectual property unit follows a multi-themed programme to advance the development dimensions of intellectual property (IP) rights. Operating synergistically with organizational partners under the WIPO Development Agenda and the World Health Assembly's Global Strategy and Plan of Action on Public Health, Innovation and Intellectual Property, the work focuses on the development aspects of IP through the lens of investment. This has covered the IP-related dimension of access to medicines, and the concomitant emphasis on investment in local pharmaceutical production; transfer of technology; and the interface between investment and the fight against antimicrobial resistance.

South Africa's department of trade and industry in May 2018 adopted the country's first national Intellectual Property Policy. During its formulation, South Africa extensively dipped into consultative services provided by UNCTAD and thrashed out some key elements of the policy during workshops organized by UNCTAD. The policy's first phase focuses on public health and access to medicine – a major concern for South Africa – and largely reflects UNCTAD's technical advice, which advocates for the need to balance incentives for innovation and access to medicines in a coherent policy environment. For example, the policy introduces the substantive examination of patents by the country's national patent office, thereby ensuring that patent applications can be assessed against the country's specific domestic development needs. South Africa in the past used to recognize the decisions of foreign patent offices, which had no regard to the economic and social context of South Africa. IP-Watch, a reputable and a non-profit independent news service, reported the adoption of the national policy, noting UNCTAD's assistance.

In January 2018 the Philippines' IP Office published revised guidelines for the examination of pharmaceutical patents based on UNCTAD research work on the implications of IP provisions in free trade agreements for pharmaceutical patent examination. The guidelines follow UNCTAD's policy recommendation to take into account public health considerations when examining the applications for pharmaceutical patents, and the revised guidelines expressly includes an example of patent claims directed to new forms of known substances obtained from UNCTAD's capacity-building courses. The revised guidelines enable the Philippines to assess patent applications against the specific national needs, relying on the flexibility in multilateral IP frameworks as clarified through UNCTAD's technical cooperation.

## ACCESS AND INNOVATIONS FOR THE SDGS

The IP programme has helped several countries with the formulation of intellectual property-related policies or guidelines, notably in support of investment in the local production of medicines, in this way contributing to key SDGs:

SDG 3 target B: to provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration on the TRIPS Agreement and Public Health, which affirms the right of developing countries to use to the full the provisions in the Agreement on Trade-Related Aspects of Intellectual Property Rights regarding flexibilities to protect public health, and, in particular, provide access to medicines for all.

SDG 9 target B: support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities.

# SUSTAINABLE STOCK EXCHANGES

## SUSTAINABILITY REPORTING: LEVERAGING THE POWER OF BOURSES

### ESG guidance to firms surges threefold

UNCTAD's partnership Sustainable Stock Exchanges (SSE) initiative has spurred a groundswell of bourses into action to nudge their listed companies to report on sustainability issues. The SSE in 2015 released its Model Guidance to encourage companies to report on environmental, social and governance (ESG) issues.

The impact of this campaign in its first 36 months has been a 300 per cent surge in the number of stock exchanges issuing guidance to their listed companies on ESG disclosure. At the start of the campaign only 14 exchanges provided ESG guidance but thanks to the SSE drive, nearly half of global exchanges now issue formal ESG disclosure guidance to 32,627 companies.

These outcomes give a firm push to SDG 12 target 6, which encourages companies "especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle."

The SSE initiative was launched in 2009 as a partnership programme managed by UNCTAD in collaboration with the UN Global Compact, the UN Environment Program Finance Initiative and the Principles for Responsible Investment. The initiative seeks to leverage its member exchanges to promote corporate transparency and alliance with SDG objectives among their listees. Since inception more than 80 stock exchanges have signed up to the initiative, covering some $65 trillion in combined market capitalization and covering more than 45,000 listed companies.

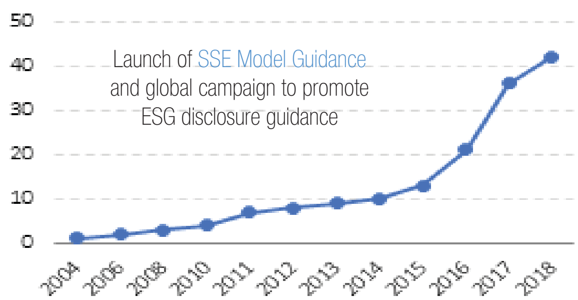
" The UN's Model Guidance and the collaborative efforts of investors… have the potential to trigger historic improvements in how global financial markets behave." – Forbes Magazine

**Mr. Mark Makepeace, Group Director of London Stock Exchange Group**

"We see this Model Guidance as an opportunity for exchanges to promote greater consistency and depth in corporate reporting. We intend to use the SSE Model Guidance as a basis for discussions with both investors and issuers in order to determine our own guidance."

The Impact: 300% growth in ESG disclosure guidance since launch of campaign

(Number of stock exchanges with guidance on sustainability reporting)


Source: SSE database SSEinitiative.org

**Mr. Evan Harvey, Global Head of Sustainability of Nasdaq; and**
**Ms. Corli LeRoux, Sustainability Head of Johannesburg Stock Exchange**

"This document provides the rationale for investor and stakeholder engagement on ESG issues, with correlating bottom line impact, and it also counsels the improvement and harmonization of management practice."


## SSE AND THE SDGS

The SSE leverages the catalysing potential of stock exchanges through listings requirements and other exchange-driven initiatives to improve corporate transparency among listed firms on environmental, social and corporate governance issues, thereby contributing to

SDG 5 target 5: to ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

SDG 10 target 5: to improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations.

SDG 12 target 6: to encourage companies, especially large and transnational companies, to adopt sustainable practice and to integrate sustainability information into their reporting cycle.

SDG 13 target 3: to improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

SDG 17 target 16: to enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.

# ENTREPRENEURSHIP DEVELOPMENT

## EMPRETEC SPURS BUSINESS GROWTH & JOB CREATION

### Almost half a million entrepreneurs trained

The manifold and diverse sectors in which small businesses operate mean they have the potential to contribute powerfully to multiple SDG targets across sectors. This makes the SDG and small and medium-sized enterprise (SME) development agendas complementary and mutually reinforcing and provides a compelling reason to strengthen the SME sector and harness it for the delivery of the 2030 Agenda.

UNCTAD's entrepreneurship programme is organized along a value chain that spans the full spectrum, from policy-making, regulation, training and capacity building to promoting awareness and networking. Empretec, the flagship entrepreneurship training programme is set up in 40 developing countries across Africa, Asia and Latin America and the number of entrepreneurs trained by the programme surpassed 450,000 in 2018.

The impact of Empretec goes beyond the numbers of entrepreneurs trained by the programme and new enterprises created. As a unique behavioural training, Empretec's methodology is linked to specific outcomes: strengthening entrepreneurial competencies and behaviour increase entrepreneurs' motivation to succeed in business, thereby enhancing business performance, profitability and access to new markets.

More challenging is to establish a causal link between these behavioural changes and concrete outcomes and "hard impact", such as new jobs created. Indicators on business performance, however, can be proxies to assess the effectiveness of the Empretec training on empretecos and empretecas when compared with the average results of business-owners or start-ups.

A comparative analysis of four countries that operate Empretec centres – Angola, Brazil, Mauritius and Saudi Arabia[2] – using common indicators, is summarized in the table below. The surveys were conducted with similar methodologies and sets of indicators. The surveys showed Empretec training hasd a positive impact on job creation and make small bu-

**UN General Assembly endorse Empretec**

The Empretec programme was formally acknowledged by the UN General Assembly in 2018 a resolution on Entrepreneurship for sustainable development that singled out Empretec as a behavioral approach training programme for entrepreneurs that warrants emulating (A/C.2/73/L.35/Rev/1, par. 17).

[2] In Angola (87 empretecos) and Brazil (2,884 empretecos) in 2018; Saudi Arabia (165 empretecos) in 2016; Mauritius (52 empretecos) in 2015 .

sinesses stronger in the medium to long term by lowering their mortality rate. They also show that entrepreneurs who attend the Empretec workshop report increases sales. Annual impact assessments conducted by Empretec's operating in Brazil, SEBRAE, for instance, confirm Empretec's appreciation by participants (9.2/10) both in terms of meeting their expectations and quality of the workshop.

### Comparative analysis of impact assessment indicators in four countries

| | Angola | Brazil | Mauritius | Saudi Arabia |
|---|---|---|---|---|
| **The Empretec workshop** | | | | |
| Overall appreciation (on a scale of 1 to 10) | 9,3/10 | 9,2/10 | 8,7/10 | 8,9/10 |
| | | | | |
| **Impact on participant** | | | | |
| Motivation to start a business (% who answered strong/very strong) | 100% | 84% | 85% | 88% |
| Percentage of respondents who opened a business within 12 months | - | 11% | 26% | 20% |
| Percentage of respondents whose employability improved | 73% | 80% | - | 50% |
| | | | | |
| **Impact on business** | | | | |
| Percentage of respondents who reported sales growth | - | 56% | - | 63% |
| Percentage of respondents who reported income growth | 36% | 57% | - | 44% |
| Job creation in a comparison before-after the workshop | + 24% | + 20% | - | + 49% |
| Percentage of respondents who forecast business growth (> 5% p.a.) | - | - | 71% | 94% |

Source: UNCTAD survey

4 QUALITY EDUCATION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

### EMPRETEC AND THE SDGS

**Through the certification of Empretec national trainers the cost of Empretec training is lower, ensuring greater affordability and enhancing the sustainability of these activities. The programme contributes to:**

**SDG 4 target 4 to increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship; and**

**SDG 9 target 3 to increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit and their integration into value chains and markets.**

# ACCOUNTING AND REPORTING

## FOSTERING SUSTAINABILITY REPORTING TO ADVANCE THE SDGS

### Core indicators on SDG progress released

Over the past thirty-five years, UNCTAD's Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) has been providing member States with exchange of best practice and policy advise and technical assistance on corporate reporting with a view to contribute to an enabling investment climate, improved transparency and governance, strengthening the international financial architecture. ISAR pioneered and implemented several initiatives that brought to light such key issue (after Rio 1992); and SME accounting.

In 2016 ISAR pioneered its new initiative on enhancing the role of enterprise reporting in attaining the SDGs. The objective of this work was to align SDG reporting by companies with countries' needs to assess the private sector contribution to SDG implementation and to enable member States to report on the SDG 12.6.1. This work is important to achieve consensus on the need for baseline core indicators to provide baseline data on sustainability issues in a consistent and comparable manner. The guidance on the Core Indicators was launched at the ISAR 35th session in 2018 during the World Investment Forum.

ISAR issued a guidance document on accounting and financial reporting for environmental costs and liabilities. The guidance was disseminated through 10 workshops that were conducted in all regions of the world. The guidance influenced policymaking at the national level. The European Commission issued recommendations in this area inspired by ISAR's work. The Governmental Accounting Standards Board in the United States of America considered ISAR's research and guidance in this area in formulating its own standard – Accounting and Financial Reporting for Pollution Remediation Obligations (Statement No. 49). Furthermore, in the area of environmental accounting, ISAR's guidance on Eco-efficiency Indicators was used by CIBA – a Swiss-based company. In general, ISAR's work in this area has contributed to the establishment of other institutions - such as the Global Reporting Initiative.

**Ms. Verónica Gallardo Aguirre,**
**Vice-Minister of Finance, Ecuador**

"Participating in the implementation of the accounting development tool (ADT) has provided as a result an X-ray of the financial and non-financial information available in the country»

**Mr. Emmanuel Pieters,**
**Director-General, Federal Public Service Economy, Belgium**

"The pilot test of ISAR-UNCTAD has been experienced in Belgium as an interesting opportunity to establish a real cartography of the country for many aspects of corporate reporting. The approach used by ISAR-UNCTAD has also the advantage of gathering key stakeholders and stimulating constructive dialogue between them."

UNCTAD developed an Accounting Development Tool (ADT) to assist member States in assessing and benchmarking their accounting and reporting infrastructure with a view to identifying gaps and priorities on further capacity building towards high quality and internationally comparable enterprise reporting; and monitoring the progress over years in a consistent manner. Countries that have adopted the tool include Ecuador, Russia and the Ukraine to develop national plans for accounting reforms. Other countries such as Belgium, introduced changes in the enterprise reporting chain while the Ivory Coast used it to facilitate the harmonization of accounting reforms in the region.  The tool has been applied by 15 countries and prompted the World Bank to reconsider its approach to the preparation of it Reports on Observance of Standards and Codes.

**Mr. Analtoliy Miakovsky, First deputy minister of finance, Ukraine**

"Cooperation with UNCTAD has encouraged Ukraine to intensify the reform of accounting and financial reporting, taking into accounting the latest international trends and innovation."

## ACCOUNTING & REPORTING AND THE SDGS

The accounting and reporting programme fosters corporate reporting standards on environmental, social and governance towards SDG advancement. As such, ISAR has been named co-custodian of SDG 12 target 6 to encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

The programme also contributes to:

SDG 16 target 6: to develop effective, accountable and transparent institutions at all levels.

SDG 16 target A: to strengthen relevant national institutions, including through international cooperation, for building capacity at all levels.