

Division on Investment and Enterprise, UNCTAD

Highlights of achievements in 2011 and challenges for 2012

The Division's work over the past year has been driven by two slogans, made operational, that capture the principles underlying all our activities on investment and enterprise: "mainstreaming the development dimension into global investment policymaking", and "promoting investment in the poor, for the poor and with the poor". Dr. Supachai recently reflected these principles in his statement that, "*We are entering a new phase of globalization that recognizes both the importance of productive investment for economic growth and the need to ensure that investment leads to sustainable development*".

Our focus on sustainable development and pro-poor investment is what distinguishes our analysis and technical assistance, which is offered to all member States. Indeed, next year's World Investment Forum (WIF) and the World Investment Report will place these principles at the heart of international discussions on investment.

In 2011, our analysis of the development dimension of investment and enterprise was increasingly recognized and solicited by member States, the media and by recently created international processes of reform. Stemming from our policy analysis on current international investment issues, we took the lead in several inter-agency working groups, including on responsible investment, the design of indicators for measuring the development impact of investment, and the monitoring of investment policy trends. The G20 November Cannes Summit outcomes recognized the contribution of UNCTAD to the issue of investment for development and strongly endorsed our continued efforts in this area. In May, the Division also contributed substantively to the preparation of UNLDC IV, which recognized the importance of foreign investment for building productive capacity.

The Division has continued to innovate and launched several new products and activities, as well as refining existing ones. These included the investment country profiles and our work on indicators for development, the latter as part of our involvement with the G20. Moreover, these developments will, in turn, add new dimensions to other existing work, such as Investment Policy Reviews (IPRs) and technical assistance programmes. This was made possible, in part, by the Division's strategic reorientation adopted in 2009.

We have been successful in raising new extra budgetary funds to expand the work of the Division. These represent a concrete recognition of the importance of our activities. Contributions came from traditional donors, as well as new ones, including from developing countries. These additional funds will mean more responsibilities for additional delivery, and will also help increase the impact and effectiveness of our services.

Furthermore, we have also strengthened our partnerships with several other organizations. The Division has worked closely with the World Bank, the FAO and IFAD on the principles for responsible agricultural investment (PRAI); we have deepened our cooperation with the Economic Commission for Europe on energy and investment; and we continue to work with APEC on IIAs and with the WTO and OECD on issues of protectionism and the monitoring of policy changes. Within the House, we also worked closely with other Divisions throughout the year and, in particular, in coordinating our efforts for the preparations for UNCTAD XIII.

Overall delivery

In terms of overall delivery, last year the Division organized and participated in 52 conferences, meetings and special events, conducted some 87 workshops and seminars and carried out 113 advisory missions and services. We also produced over 100 publications/manuals/reports, and issues notes; and issued over

30 newsletters and press releases. Through 2011, 127 developing countries benefited directly from our work, among which there were 39 African countries, 33 LDCs, 23 LLDCs and 8 SIDS.

Additionally, the Division was responsible for providing substantive backstopping and support to summits, such as those of the Commonwealth, COMESA and APEC.

Below are some additional highlights of the achievements of the Division in the past year.

Cutting-edge research and policy analysis on investment for development

The Division's flagship publication, the World Investment Report 2011 (WIR), focused on the strategic use of non-equity modes of production and investment by transnational corporations in the management of international production and networks within their global value chains. Other highlights in the report included a discussion of the interplay between FDI and industrial policy, as well as an assessment of the current global configuration of State-owned transnational corporations. The report was launched in over 50 different locations, was reported widely in different media, and generated more than 1,400 Press clippings. Three months after the official launch, the Report had already been downloaded over 70,000 times in 152 countries. It remains one of the UN's most widely read products and constitutes a major reference point for policymakers.

A leading source of information on investment trends and policies

The Global Investment Trends Monitor and the Investment Policy Monitor have provided essential intelligence for policymakers and other users in the aftermath of the global economic crisis. One measure of success is that the January issue of the trends monitor alone generated over 400 media citations and was extensively quoted in keynote speeches from lead policymakers.

We also supported developing countries in the collection, dissemination and analysis of quality data on FDI and TNC activities, including through the establishment of national FDI teams to facilitate this process. As a result, a number of beneficiary countries are now able to prepare annual National FDI Reports, using internationally recognized methods.

Making national investment policy reforms work for development

Three Investment Policy Reviews (IPRs) were completed this year for Guatemala, Macedonia and Mozambique and a further four IPRs for Bangladesh, Djibouti, Moldova and Mongolia are on-going. Heads of States and Governments have continued to show their commitments to the implementation of IPR recommendations. This year, we completed Implementation Reports for Ethiopia and Tanzania and undertook an assessment of Rwanda. All Reports demonstrated a strong implementation record, and led to increased interest by existing and potential investors. In many cases, the launch of IPRs has been accompanied, in spite of the crisis, by significant rises in FDI inflows. Increasingly countries are demanding updates of their IPRs. Based on the 30-plus completed investment policy reviews, the Division finalized its study on "*IPRs: Shaping Investment Policies around the World*", which takes stock of more than a decade of experience in helping developing countries formulate investment policies in line with their development strategies.

Exchange best practices policies on investment for development

In 2011, we released seven new issues of best policy practices in investment for development that provide countries with an "off-the-shelf-guide" to investment policymaking, based on the experiences of other successful cases.

The Division also launched a new project to develop a global monitoring system of national investment policies. The system comprises indicators to show the impact of these policies on development, and the creation of an e-network to facilitate international dialogue on best practices and help developing countries benchmark their national investment policies.

In response to a G20 request, the Division developed a set of indicators to assess the development impact of international investment, which will help governments in low income countries better evaluate the employment contribution and economic value-added of private sector investment in global value chains

Ensuring a more development-friendly international investment regime

The Division continued its efforts to promote a better understanding of international investment agreements (IIAs) and their development impact through its analytical work, technical cooperation and consensus-building. We finalized seven additions to the Series on Investment for Development and two additions to the Investment Policies Series. Building on its research work in the area, we provided support to 10 developing countries and four regional groups through demand-driven advisory services on specific IIA negotiations, the development of model bilateral investment treaties, the drafting of investment laws, and specific services in the area of investor-state dispute settlement. In 2011 over 250 IIA practitioners benefited from regional training activities and national seminars on key issues related to the negotiation of IIAs, 90% of whom stated that the courses would enhance their future work.

Promoting investment, especially in the poorest countries

Demand from developing countries for our capacity-building activities in the field of foreign investment attraction and retention continues to grow. We prepared a further two guides in the Investment Advisory Series, and organized regional training sessions and international meetings on investor targeting strategies, the promotion of low-carbon investment and investment retention; these events involved over 550 participants from 52 countries, many of which were LDCs, LLDCs, and SIDS.

In the context of our technical assistance on the development dimension of intellectual property rights, the Division was particularly active during the UNLDC IV conference in Istanbul, when we launched a publication on investment in pharmaceutical production in the LDCs, which provides a guide for policymakers and investment promotion agencies in this area. The Division is also preparing eight country case studies on the local production of pharmaceuticals and how to secure the requisite transfer of technology.

Facilitating business

The Division assisted countries through business facilitation, helping them to increase administrative transparency and simplify rules and procedures. Our e-regulations system, now operational in over 20 countries and municipalities, fosters greater transparency, develops e-Government and streamlines procedures for setting up a business.

By providing accurate and up-to-date information on key emerging investment opportunities in developing countries, our investment guides contribute to improving the investment climate and attracting foreign investment. Four new guides were finalized in 2011, and were showcased during the UNLDC IV Conference, the Annual Investment Meeting in Dubai and other national and regional events. As a result, beneficiary countries such as Zambia reported a rise in firm commitments from new investors.

Fostering enterprise development

Enterprise and entrepreneurship are key drivers of development, but require coherent policies to support their growth. In 2011, the Division finalised its Entrepreneurship Policy Framework, which will provide a "toolkit" for policymakers in developing countries to formulate, monitor, and evaluate national policies for entrepreneurship. Along with this work, our capacity building program on entrepreneurship, Empretec, which is present in 32 countries, continues to install new country projects. The program organized training sessions that benefited some 650 entrepreneurs, helping countries to address capacity and skill problems in the private sector.

One of the Division's key concerns is how to maximize the contribution of foreign investment for development, such as through local employment creation. Our Business Linkages Programme, present in 9 countries, aims to foster sustainable business relationships by strengthening the links between local small businesses and transnational corporations.

The Division also supports private sector development in other ways: our program on insurance enables small businesses to access insurance services. Last year, the program completed a project in Morocco that developed several training manuals and capacity building workshops on insurance services. These helped increase access to insurance services for the small business sector. Similarly, our work on e-tourism provides cost-effective online training for small businesses in the sector, so as to improve their understanding of the opportunities offered by e-commerce.

Promoting transparency and better corporate governance

At the request of the G20, the Division prepared substantive background work for promoting standards on responsible investment in global value chains, which along with our other work with the G20 will provide a valuable contribution to ongoing reforms of governance processes at the international level.

Governance and transparency are also key concerns addressed in our program on standards of accounting and reporting (ISAR). ISAR's 28th session brought together participants from 74 member States. Collectively, they drove the adoption of a set of voluntary standards aimed at improving the governance of the private sector. A further element of our work relates to the advocacy of more transparent corporate disclosure, including climate change reporting in the form of carbon emissions disclosure.

Intergovernmental consensus building

The Division continued to foster consensus building on investment and enterprise development in 2011. The third session of the Investment and Enterprise Development Commission discussed investment in basic infrastructure at the ministerial level. It generated several innovative ideas with a view to increasing both domestic and foreign investment in this area for development. There was also a session on enhancing entrepreneurship and productive capacity in developing countries, as well as successful side events and other opportunities for networking among investment and enterprise stakeholders.

The Division also successfully concluded a cycle of Multi-Year Expert Meetings on Investment for Development, inaugurated in Accra, with the fourth of the series devoted to current challenges and policies at both the national and international levels. Similarly, the final Multi-Year Expert Meeting on Enterprise Development will take place in mid-January 2012.

The year ahead

The coming year will be particularly challenging for the Division, but also promises to be profoundly fulfilling in addressing our goals:

- The World Investment Report 2012 will synthesize past decades' work and research findings by the Division on investment for development. In this context, we aim to propose an integrated and comprehensive national and international investment policy framework for development. Such an *investment for development* framework will provide a major tool for policymakers in developing countries. In parallel, the Division will launch a new research agenda for international investment. This includes research into new thematic areas, including FDI in social sectors (education and health), FDI in financial services, TNCs and taxation, and further research into the investment and trade nexus (building on WIR 2011).
- With regard to consensus building, our main focus next year will be the World Investment Forum 2012 and the UNCTAD Ministerial Conference. The themes of the Forum include investment in a green economy, investment for the poor, investment governance at the national and international levels, and investment by sovereign wealth funds for development. With

respect to the Forum series, the UN SG, Ban Ki-Moon has said: “*The biennial UNCTAD World Investment Forum is the most important event of the international investment community and its stakeholders*”. Early indications for the success of the WIF 2012 are very encouraging, as a number of high profile individuals, key organisations and institutions, media partners and sponsors have already confirmed their participation (the program is now available for download at: (<http://unctad-worldinvestmentforum.org/page/programme>)).

- Another major event taking place in 2012 is the Rio+20 Conference on sustainable development. We will contribute to the conference by providing policy analysis on green investment and investment protectionism. We will also organize our 3rd Conference on Sustainable Stock Exchange (in collaboration with the Global Compact and PRI). 2012 will be the UN year of cooperatives and we are expecting to make a substantial contribution through our enterprise development programme.
- The Division will continue to actively participate in and contribute to the G20 processes, including through our projects on indicators for the impact of investment on development, on responsible investment, and our monitoring on investment protectionism. Furthermore, we will continue to lead the Inter-agency Working Group (members include World Bank, OECD, ILO, UNDP and UNIDO) in preparing the final report on promoting investment for development in low income countries for the G20. These outputs will gain traction in the run up to the G20 Summit in Mexico in June, and beyond.
- On technical assistance, the Division will continue its core activities with poor countries in support of Aid-for-Investment. In the context of our new umbrella project, “Capacity Building for Investment for Development”, we will provide a comprehensive package ranging from investment policy reviews, assistance to the revision of national investment laws and regulations, support to domestic enterprise development, and strengthening governments’ international policymaking capabilities. In line with the Istanbul Plan of Action, we will also intensify our focus through the Division's project on pro-poor investment. We will launch our entrepreneurship policy framework in the field and assist some developing countries in using the toolkits.
- Our activities planned for next year will require increased coordination and cooperation of staff across branches. We will also intensify our collaboration with other divisions and with other international organization. By pooling and sharing our expertise, we continue to create synergies that improve our output and working practices.

Next year promises to be a full and fulfilling year and offers the potential to increase further the impact of our work, and to reach a wider audience. In the current economic climate, policymakers, the media and civil society have been hungry for UNCTAD’s ideas and technical assistance, which offer a unique (and authoritative) perspective on investment and development. We have succeeded in putting the issue of pro-poor investment and sustainable development at the heart of discussions on investment and enterprise, at both the national and international levels. It is time to intensify these efforts in order for developing countries to reap the benefits.

I look forward to working with all of you in the months ahead, building on the excellent foundations laid down in 2011. Our slogan for 2012 is ***enhancing the benefits of investment and enterprise for the poor!***

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