

**Statement by  
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**Working Party on the Medium Term Plan and the Programme Budget  
Review of the technical activities of UNCTAD and their financing**

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*AS PREPARED FOR DELIVERY*

Distinguished delegates,

Technical assistance provided by the Division on Investment and Enterprise is articulated around four main clusters of activity: The FDI trends and issues cluster, the Investment Policy Cluster, the Investment Facilitation cluster and the Enterprise Development cluster, constituting the Investment for Development Compact. Activities carried out during 2010 in the framework of the Compact are detailed in the Document TD/B/WP/232 before you. Therefore, I will limit myself to a presentation of an overview of our delivery and to a presentation of the main features and impact of technical activities in each of the four clusters. I will then conclude with a presentation of the main progress in capacity-building in investment for development.

Distinguished delegates,

At the outset, allow me to give you a brief quantitative overview of the delivery under the Investment for Development compact. In 2010, the Division:

- Conducted 136 seminars and workshops- totaling over 150 days of training;

- 2350 participants benefited from these training activities (of which an estimated 30% were women);
- 90 ad hoc advisory services were delivered to regional groupings and individual countries and 14 advisory reports were prepared;
- 15 national gateways were installed and maintained at the request of developing countries.

In the same year, the Division on Investment and Enterprise provided assistance to 147 developing countries, among which number 50 African countries, 37 LDCs, 23 LLDCs and 8 SIDs.

I would add that, as evidenced in the document made available to you, the Division, since the last meeting of this Working Party, responded to a hundred requests for technical assistance.

Distinguished delegates,

At this stage of the presentation, allow me to thank those who contributed to these achievements - the donor countries. They were for 2010: Australia, China, Costa Rica, Finland, France, Germany, Japan, Luxembourg, Morocco, Norway, the Russian Federation, Spain, Sweden and Switzerland. This group was joined by the European Union in 2011. Let me also acknowledge the support received from other international organizations and international institutions such as the Islamic Development Bank.

It is however important to note that, since the last session of this Working Party, the Division has received 75 new requests for assistance, and I therefore call upon the donor community to continue supporting our technical assistance activities through adequate funding.

Distinguished delegates,

Let me now turn to the impact of activities carried out in the framework of the four clusters of the investment and enterprise development compact.

**Impact of activities under the cluster on FDI trends and issues:**

The World Investment Report helps policy makers formulate development oriented FDI policies and serves as a capacity-building tool - including through the involvement of experts from developing countries in the preparation of the Report and the organization of workshops and seminars to disseminate its main results. In 2010, a record 445 policymakers attended the 16 seminars organized to present the conclusions of the Report. Indeed, the dissemination of the *WIR10 "Investing in a low carbon economy"* was particularly welcomed in the context of the ongoing international efforts to find a solution to the pressing problems engendered by climate change.

WIRs also generate concrete policy impact through advice on how to establish a framework and develop national capacities: as you are aware, the *WIR09 on "Transnational corporations, agricultural production and development"* led to the formulation, in cooperation with other international organizations, of a set of Principles for Responsible Agricultural Investment (PRAI) for Sustainable Investment. In this context, DIAE is working towards the creation of the resources and network to provide effective technical assistance in capacity and institution building to developing countries. This will include support and training to host country institutions in order to establish land registries, monitor compliance by investors, use model contracts effectively, conduct negotiations and factor responsible investment criteria into Investment Promotion Agencies'

strategies. It also involves the creation of a web-based knowledge platform on the PRAI.

In order to formulate development-oriented FDI policies, developing countries need to collect, disseminate and analyze quality data on FDI and TNC activity. In 2010, 23 government agencies benefited from DIAE's capacity-building support in the collection and compilation of FDI statistics, and in regional cooperation for harmonizing data through a series of regional and national workshops. As evidenced by the feedback received, these workshops contributed to increase the understanding of government officials on FDI statistics. Recently, and in order to further strengthen the capacity of developing countries DIAE contributed to the establishment of FDI national teams. As a concrete result of this capacity-building initiative, a number of beneficiaries such as Albania, are now able to prepare annual National FDI Reports, using internationally recommended methodological standards.

### **The Investment Policies cluster:**

Activities under this cluster aim at contributing to investment policy-making at the national and international levels, with a view to attracting and benefiting from investment. This cluster encompasses the technical assistance activities carried out in the framework of three core products: the Investment Policy Reviews (IPRs), the International Investment Agreements (IIAs), and the Investment Monitors.

In 2010, the Division completed four Investment Policy Reviews (IPRs) for Burundi, Belarus, El Salvador and Sierra Leone and in 2011, for Guatemala. Two more reviews for Macedonia and Mozambique are being finalized. All completed IPRs were presented for intergovernmental peer review, and all

beneficiary governments committed to implement their action-driven recommendations at the highest level. In the framework of the presentations in Geneva, we are now organizing business gatherings - a new feature which attract many potential investors and is much appreciated by beneficiary governments.

Technical assistance in the context of the follow up to IPRs, was carried out in nine countries in support of the implementation of the recommendations. Two Implementation Reports were also completed in 2010 for Ethiopia and Tanzania, and presented during the 3<sup>rd</sup> session of the Investment Commission. Both showed very encouraging results in terms of FDI inflows and impact on the investment climate, as a result of the implementation of the IPR. Overall, we estimate that a total of 76 recommendations stemming from the IPRs were implemented or in the process of being implemented at the end of June 2011.

In the area of International Investment Agreements (IIAs), UNCTAD helps developing countries to participate more effectively in international investment rulemaking. Technical cooperation and capacity-building programmes are based on research and policy analysis in this area, in particular UNCTAD's series on *Issues in IIAs* and *International Investment policies for development*, and closely interlinked with consensus-building activities, such as the annual IIA Conference. In 2010, over 260 IIAs practitioners benefited from regional training activities and national seminars on key issues related to the negotiation of IIAs. Feedback was excellent, with 90% of the participants acknowledging that the courses fully met their expectations and would facilitate their future work. Activities in this area increasingly include the delivery of ad hoc advisory services on specific IIAs negotiations, the development of model BITs, the drafting of investment laws, and specific services in the area of Investor State Dispute Settlement and dispute resolution. 14 countries benefited of such

assistance in 2010. These capacity-building activities were complemented by the co-organization or participation in 26 conferences and seminars throughout 2010. Lastly, dissemination activities are an important component of the project, which involved the maintenance of five IIAs databases receiving an average 2,900 visitors per month.

To complement the recently launched Investment Policy Monitor, which provides cutting-edge analysis on national and international investment policy developments, and to further contribute to strengthening the capacity of developing countries to attract and benefit from Foreign Direct Investment, we launched a Global Monitoring System on Investment Policies this year. This project will provide a database of newly adopted national policies on investment, which will allow developing countries to benchmark their investment policies and, through the development of an online network, will facilitate the sharing of best practices and policies.

### **Impact of activities under the Investment Facilitation cluster:**

In the area of investment promotion and facilitation, the Division is facing increasing demand from developing countries for capacity-building activities to strengthen their capacity to create and manage a policy and institutional framework for attracting and retaining foreign investment. Responding to the demand for human resources development in the area, training sessions on investor targeting strategies, investment retention and institutional support issues were organized in 2010 for over 100 investment promotion officials from more than 33 developing countries, including 18 LDCs. In support of these training activities, the Division continued to develop an online basic training course package, and prepared three handbooks and toolkits from its Investment Advisory Series on "*Promoting Investment in Tourism*", "*Investment Promotion*

*for Diplomats*" and *"Promoting green FDI"*. As evidenced by the results of the surveys conducted, the quality and relevance of these practical manuals is widely acknowledged by IPA professionals.

In addition, we provided ad hoc assistance on investment promotion in the context of IPR follow-up and in response to specific needs, such as the development of a joint investment promotion strategy for Haiti and the Dominican Republic. Networking for the exchange of best practices and the expansion of international networks with the public and private sector also plays an essential role in strengthening the capacity of Investment Promotion Agencies. This explains the success met by the three high-level tripartite sessions organized during the WIF2010, which were attended by over 400 participants from 90 countries.

UNCTAD's Business Facilitation programme plays a key role in assisting developing countries to achieve a transparent, stable and predictable investment climate. The eRegulation tool, which allows governments to present their business related administrative procedures online is operational in 17 countries. Over the past twelve months, we received new requests for installation in no less than 20 additional countries. In providing accurate and up-to-date information on key emerging opportunities, investment guides also contribute to improving the investment climate and attracting foreign investment. Six new guides for Benin, Comoros, Lao PDR, Morocco, its Oriental Region, and Zambia were finalized in 2010, which allowed for the organization of successful investment showcase sessions during the WIF2010 and, later, during the UN LDC IV Conference and the Annual Investment Meeting organized in Dubai.

UNCTAD's technical assistance on the development dimension of Intellectual Property rights is comprised of two main programmes:

- The programme on access to medicine, investment and local pharmaceutical production in developing countries, which carried out case studies on the local production of pharmaceuticals and related technology transfer for six developing countries in 2010.
- The UNCTAD-ICTSD project on intellectual property rights and sustainable development undertook reports on the Development Dimension of Intellectual Property (DDIP) for 4 developing countries, including Rwanda, where the report was adopted as a national policy document.

The impact of these programmes is significant, as evidenced by the feedback collected during national presentation workshops of the DDIP.

### **Impact of activities under the Enterprise Development Cluster**

The assistance provided to stimulate enterprise development is delivered through five programmes: Empretec, business linkages, e-tourism, accounting and insurance.

The well established and successful Empretec programme aims at promoting entrepreneurial skills and helping promising entrepreneurs in putting their ideas into action and fostering businesses. It is now based in 33 countries and facilitated the training of over 210,000 entrepreneurs worldwide. For 2010 alone, the programme pursued the installation of Empretec in ten developing countries and organized training sessions that benefited over 650 entrepreneurs. Furthermore, two new projects in support of the Millennium Development Goals of eradicating extreme poverty were launched in Panama and Vietnam.

Networking among the centres, and South-South cooperation are two important components of the programme. This partly explains the success of initiatives such as the Empretec Directors Forum, attended in 2010 by Directors from 27 countries, the launch of regional initiatives, such as the Empretec Latin American Forum, and the Empretec Women in Business Award, whose next session will take place in the context of the WIF2012 and UNCTAD XIII. Over the years, the programme has had tremendous impact in developing countries, as evidenced by reported changes in the behavior and business practices of trained entrepreneurs, increased access to finance, and higher turnover. This has triggered increased requests for assistance from developing countries: at the end of 2010, there were 22 new requests for the installation of Empretec centres.

The Business Linkages programme, a multi-stakeholder initiative that transforms linkages between SMEs and TNCs into sustainable business relationships is now active in eight countries where, as evidenced in the document before you, it has had considerable impact. For instance, as a result of the programme, it is estimated that beneficiary farmers in Mozambique recorded an average increase in revenue of 130%.

In parallel, UNCTAD's e-tourism programme continued to promote awareness of the challenges and opportunities of the use of ICT in the sector through the organization of seminars and briefings, and the provision of relevant teaching materials and software. Over 200 stakeholders from five West African economies benefited from our activities in 2010.

In the area of accounting and reporting, UNCTAD continued to promote the exchange of views among experts through the annual sessions of ISAR, associated workshops and roundtables, and the dissemination of best practices on various aspects of corporate transparency and disclosure. In 2010, assistance

provided by UNCTAD included the organization of a capacity-building workshop on "Corporate governance in the wake of the financial crisis: linking governance, strategy and sustainability" in parallel to the 27<sup>th</sup> ISAR - attended by a record 275 experts from 81 countries. Assistance also covered the organization of conferences such as the second Sustainable Stock Exchange global dialogue held during the WIF2010, and the participation in seminars on corporate governance and accounting.

In the area of insurance, UNCTAD continued to cooperate with the African Insurance Organization and provided assistance to the African Centre for Catastrophe risks. The programme also continued to implement its capacity-building project on "Strengthening SME's development and access to financing and insurance in Morocco and Tunisia"

Distinguished delegates,

Allow me to conclude this presentation with a brief presentation of the new initiatives launched in 2011:

In line with the recommendations of the Accra Accord (paragraph 217), DIAE launched a new umbrella proposal - Capacity Building in Investment for Development. This new project is a multi-year, multi-donor project which covers the whole range of UNCTAD's technical cooperation services in the investment and enterprise area. It aims at providing assistance to developing countries in helping them to cope with the aftermath of the crisis and to reposition themselves in the post-crisis investment landscape. I am very pleased to inform you that countries such as Finland and Norway have already expressed interest for this umbrella proposal, and hope that they will be joined soon by other donors. I should also add that in response to the provisions of the

paragraph 217 of the Accra Accord, the Division also issued a brochure entitled "Capacity Building in Investment and Enterprise" to better disseminate information on its technical cooperation programmes and funding needs. This brochure is available upon request.

Responding to the requests made by member States during the second session of the Investment Commission to further UNCTAD's assistance in building the technical and managerial capabilities of SMEs, the Division has been working towards the development of a toolkit for policy makers in developing countries to enable them to formulate, monitor, and evaluate national policies for entrepreneurship and innovation. In the context of the 27<sup>th</sup> ISAR, the key elements of a new capacity-building framework for developing countries were approved and we initiated the creation of a database of good practices on capacity-building in accounting and reporting.

The Division also played a prominent role in the context of the main conferences held over the past twelve months, and as a follow-up to these Conferences, launched several initiatives. These received unanimous support from beneficiary countries and will be financed through the United Nations Development Account - another indication of their relevance. The first initiative results from the 8<sup>th</sup> session of the Investment Advisory Council, held during WIF2010. The session focused on "Investing in the MDGs" and fed into the process of the United Nations MDG Summit in September 2010. Its concrete outcome is a project entitled "Promoting Sustainable Business Models for Development: Investing in the poor, for the poor and with the poor". A second initiative, which builds on the analytical work and main conclusions of *WIR2010* is a project on "Building National Capacities for Promoting Foreign Direct Investment in Green and Other Growth Sectors". This new project aims at

enhancing the capacity of IPAs to attract green FDI in renewable energy, sustainable agriculture, and more energy efficient production.

Another major trend relates to the Division's strengthened cooperation with other UNCTAD programmes. For instance, we are launching a new a project on "Enhancing the capacities of landlocked developing countries to attract FDI for the development and modernization of productive capacities" in cooperation with the Division for Africa, Least Developed Countries and Special Programmes. This project aims at developing Governments' capacities to attract larger and more diversified FDI inflows for the development and modernization of national productive capacities through the investment guides. Other examples included technical assistance to Botswana and the South African Development Community in the competition area, in cooperation with the Division on International Trade and Commodities, and the participation in training sessions in the framework of the Virtual Institute, the Paragraph 166, and TrainforTrade.

Thank you,