

Recent Trends and Policies in the Area of Investment and Enterprise

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**Investment, Enterprise and
Development Commission**

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Global and Regional Investment Trends

Too low for too long

Growth rates of global GDP, trade, employment and productivity, 2005-2016* (Per cent)

Variable	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*
GDP	4.8	5.5	5.7	3.0	-0.1	5.4	4.2	3.5	3.3	3.4	3.2	3.1
Trade	7.8	9.3	8.0	2.9	-10.5	12.4	7.0	2.8	3.5	3.8	2.6	2.3
Employment	1.9	1.5	1.6	1.0	0.4	1.1	1.3	1.2	1.3	1.4	1.4	1.2
Productivity**	3.0	3.3	3.2	1.4	0.0	4.6	2.7	1.7	1.9	1.9	1.2	1.5

FDI value (in \$trillions)	0.95	1.40	1.90	1.50	1.18	1.39	1.57	1.51	1.43	1.28	1.76	1.59

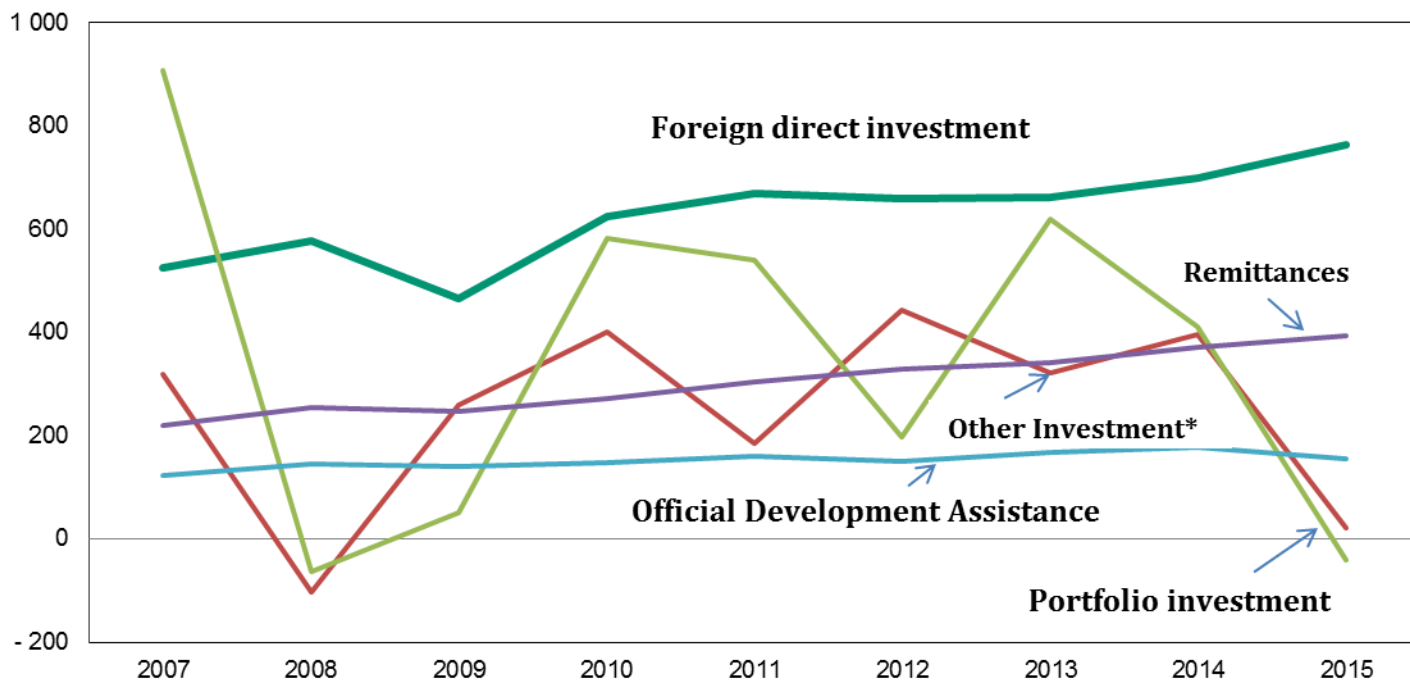
Source: ©UNCTAD, IMF for GDP and trade, ILO for employment; and the Conference Board for productivity.

* Projections

**Labor productivity per person employed.

FDI flows is the largest and the most stable source of development finance

External development finance to developing economies, 2007-2015
(Billions of dollars)



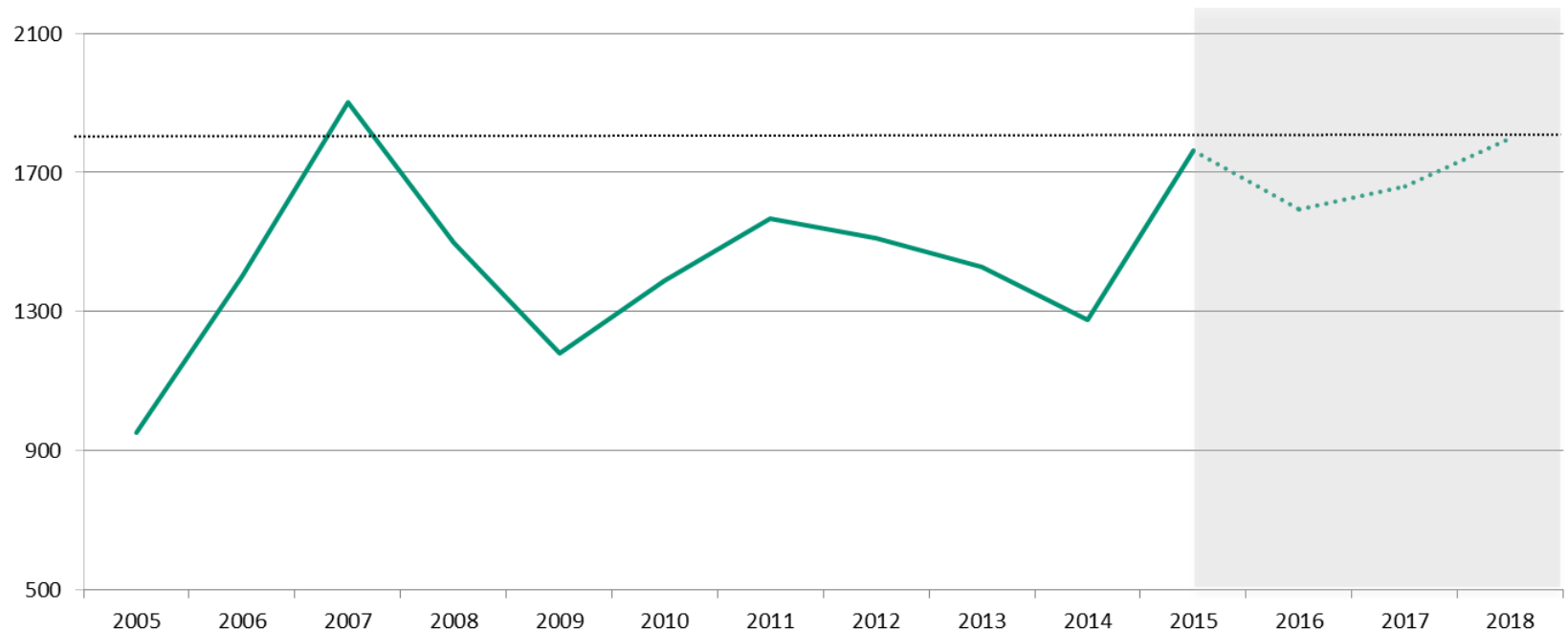
Source: ©UNCTAD.

* Other investment are loans among non-affiliated enterprises.

Road to FDI recovery proves bumpy

Cautious optimism about prospects: decline in 2016, modest growth in 2017-2018 but still below peak of 2007

Global FDI flows, 2005-2015, and projections, 2016-2018
(Billions of dollars)

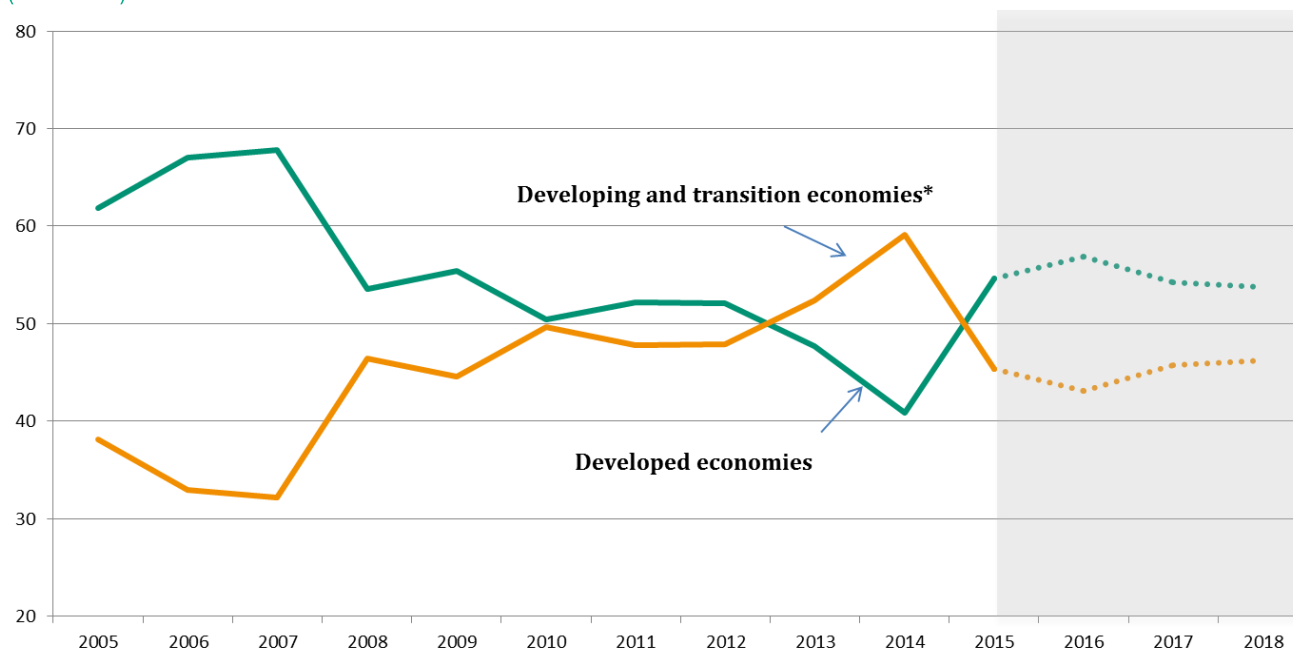


Source: ©UNCTAD.

Developed countries regain the main share of global FDI

Share of major economic groups in FDI inflows, 2005-2015 and projections, 2016-2018

(Per cent)

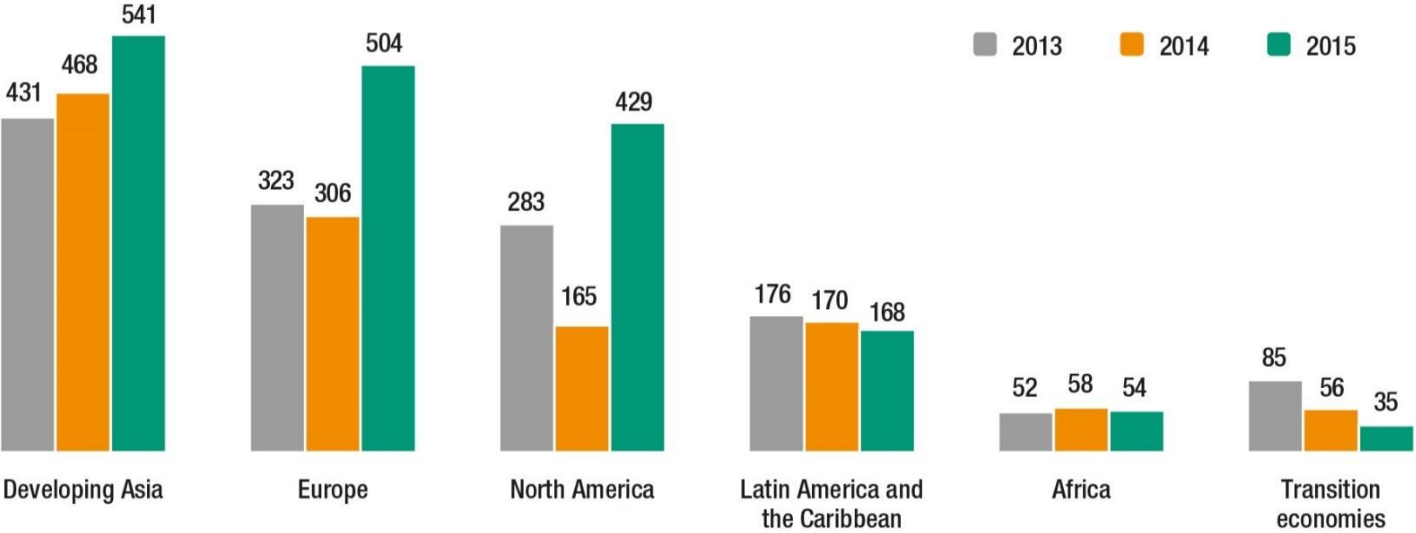


Source: ©UNCTAD.

* Excluding Caribbean Financial Centres.

FDI flows to developed countries nearly doubled; Developing Asia remains largest FDI host region

FDI inflows, by region, 2013-2015 (Billions of dollars)



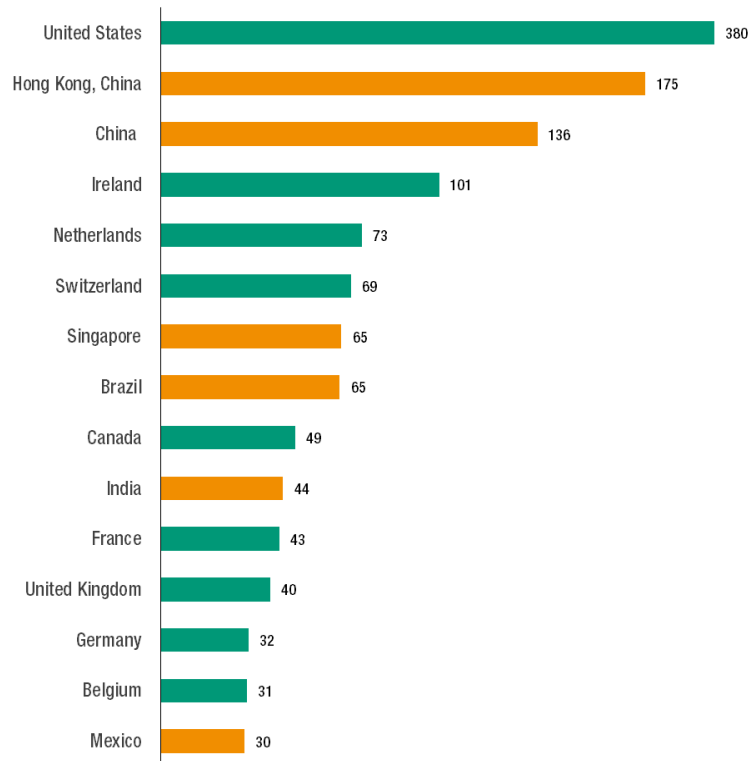
Source: ©UNCTAD.

FDI prospects by region

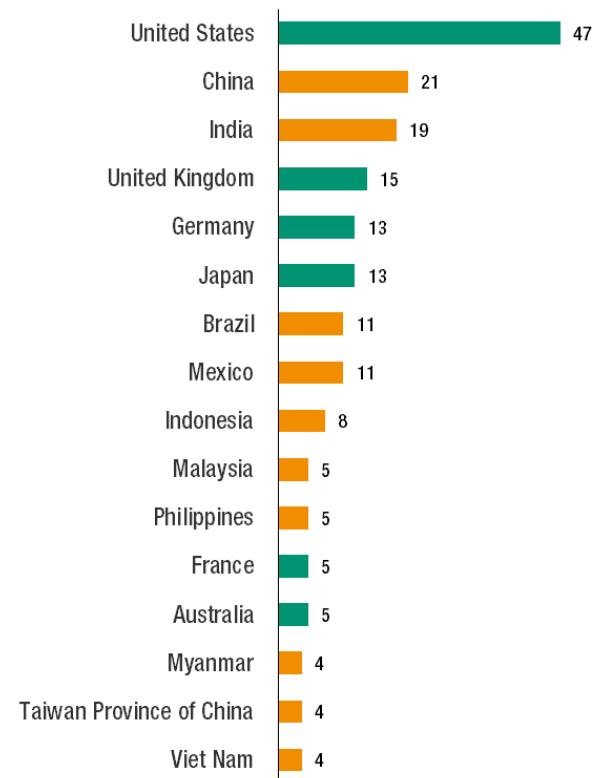
- **FDI flows to Africa are likely to return to growth** as a result of liberalization measures and planned privatizations
- **Flows to developing Asia are expected to decline by about 15 per cent in 2016**, returning to 2014 levels
- **Latin America and the Caribbean may see FDI slow further in 2016** in the face of persisting macroeconomic challenges
- **Flows to transition economies are expected to increase modestly in 2016**, after experiencing a significant decline in 2015
- **The recovery of FDI activity in developed economies recorded in 2015 is unlikely to be sustained in 2016**

Top FDI destinations: 2015 and prospects for 2016-2018

FDI inflows, top 20 host economies: 2015
(Billions of dollars)



MNEs' top prospective host economies: 2016-2018
(Per cent of executives responding)*

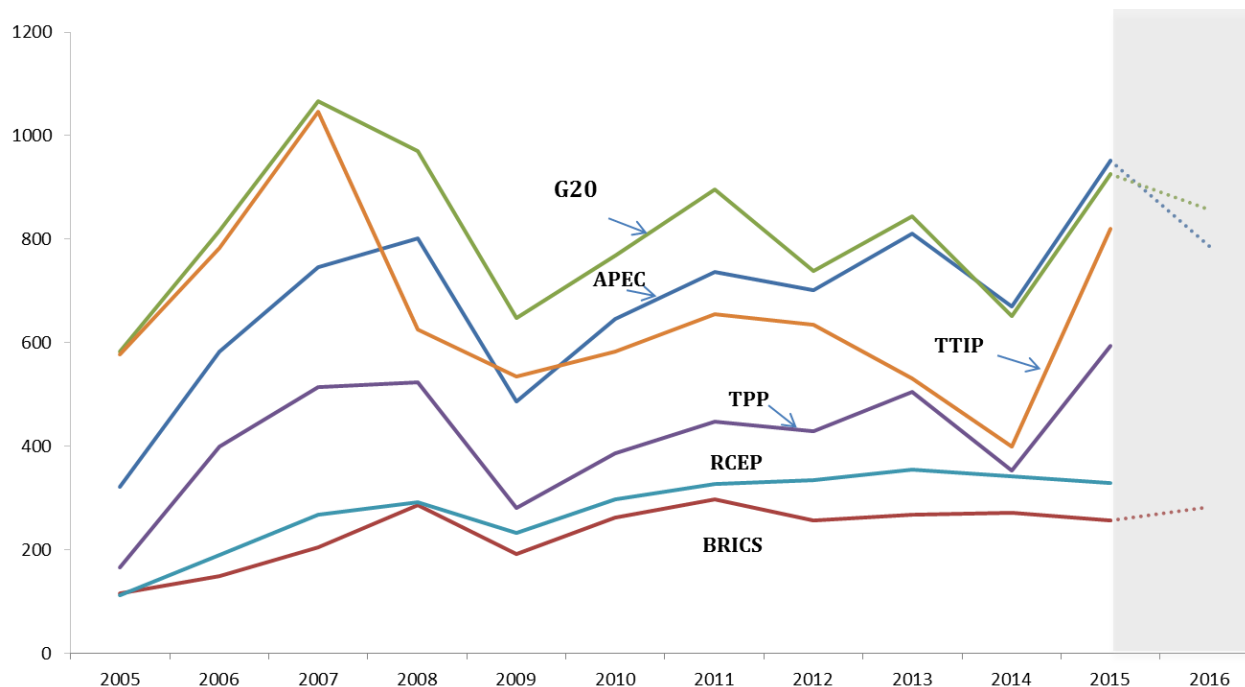


Source: ©UNCTAD.

* UNCTAD survey carried out between February and April 2016.

Megagroupings now account for a significant share of global FDI; diverging trends in FDI prospects

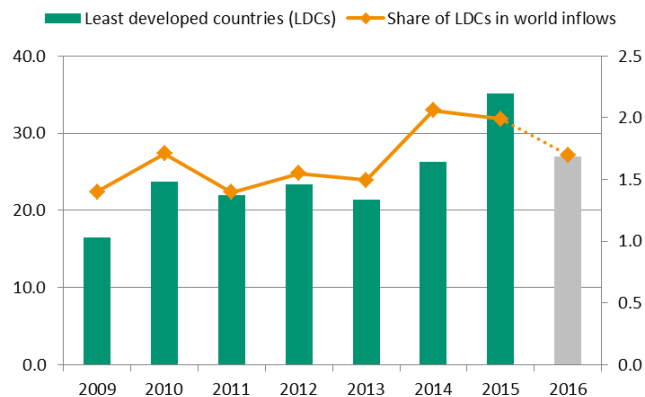
FDI inflows to selected megagroupings, 2005-2015, and projections, 2016
(Billions of dollars)



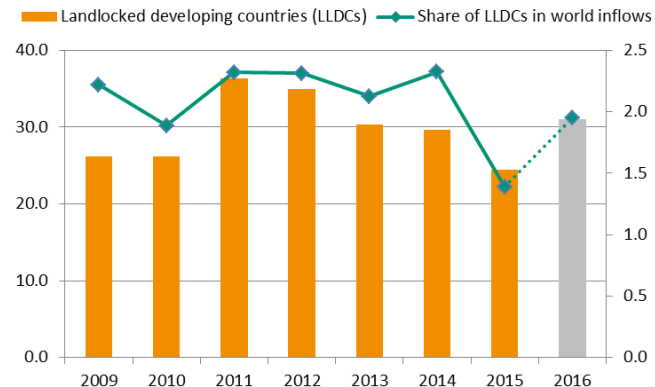
Source: ©UNCTAD.

FDI flows to LDCs, LLDCs and SIDS: diverging trends and prospects

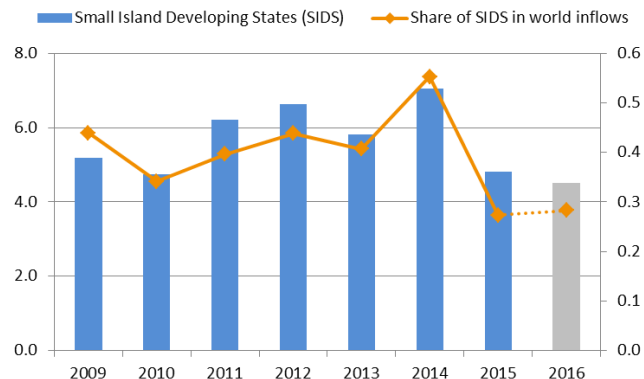
LDCs, 2009-2015 and projections, 2016



LLDCs, 2009-2015 and projections, 2016



SIDS, 2009-2015 and projections, 2016



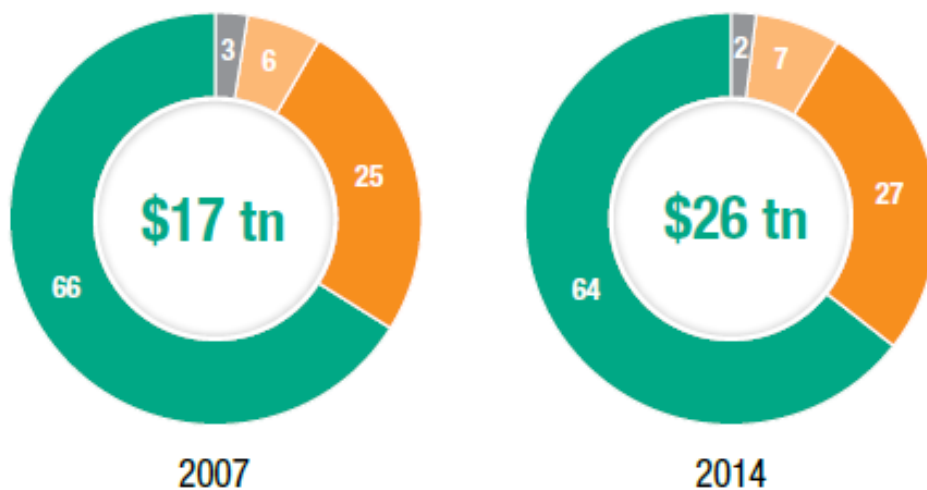
Source: ©UNCTAD.

FDI in manufacturing share has increased

Global inward FDI stock, by sector, 2007 and 2014

(Billions of dollars)

■ Services ■ Manufacturing ■ Primary ■ Unspecified



Source: ©UNCTAD.

Note: Services incidental to manufacturing constitute an important component of the services sector

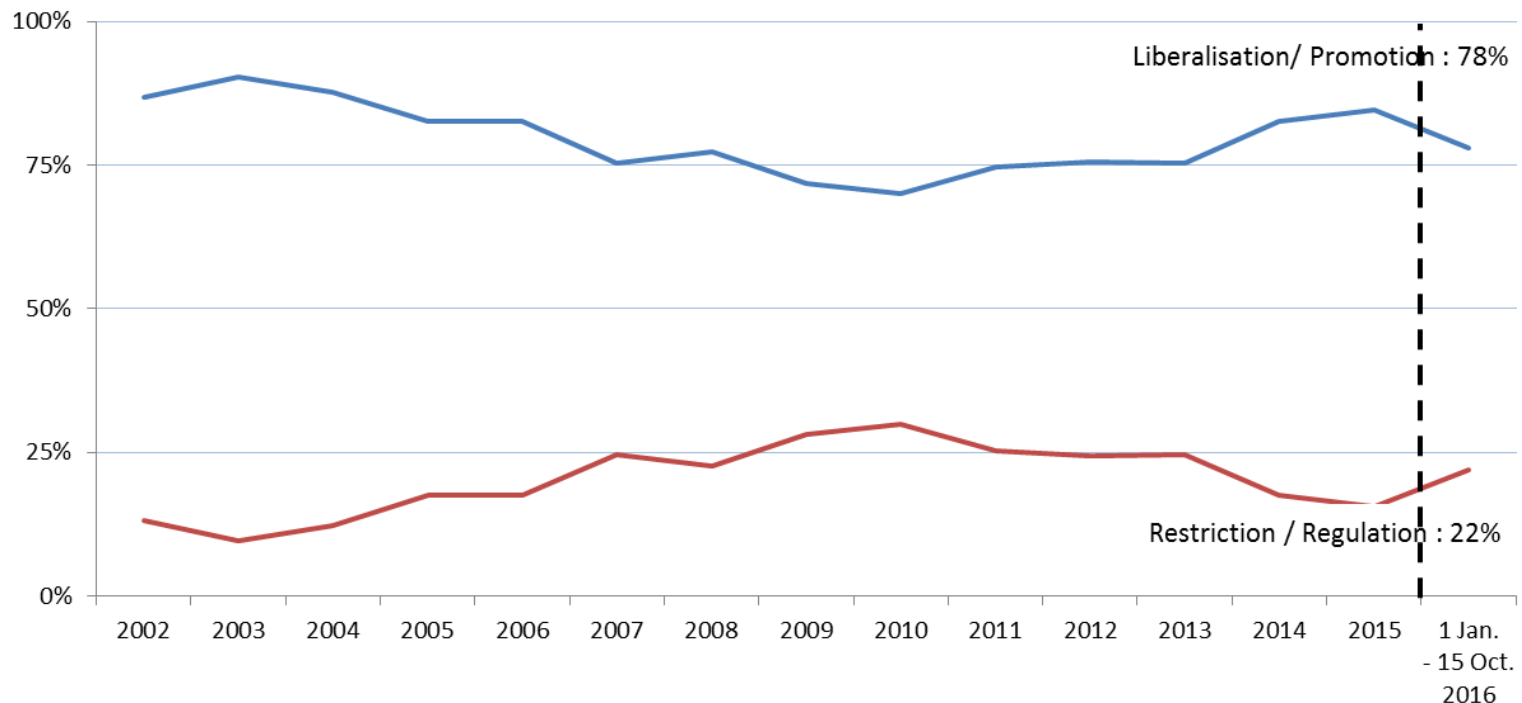
Prospects: FDI flows are expected to decline by 10-15 per cent in 2016

- **Fragility of the global economy**
- **Weak global aggregate demand**
- **Uncertainty/unpredictability of the policy environment**
- **Escalation of geopolitical risks**
- **Propensity of asset light and risk aversion**

Recent Investment Policy Developments

New investment policy measures still mostly geared towards liberalization, promotion

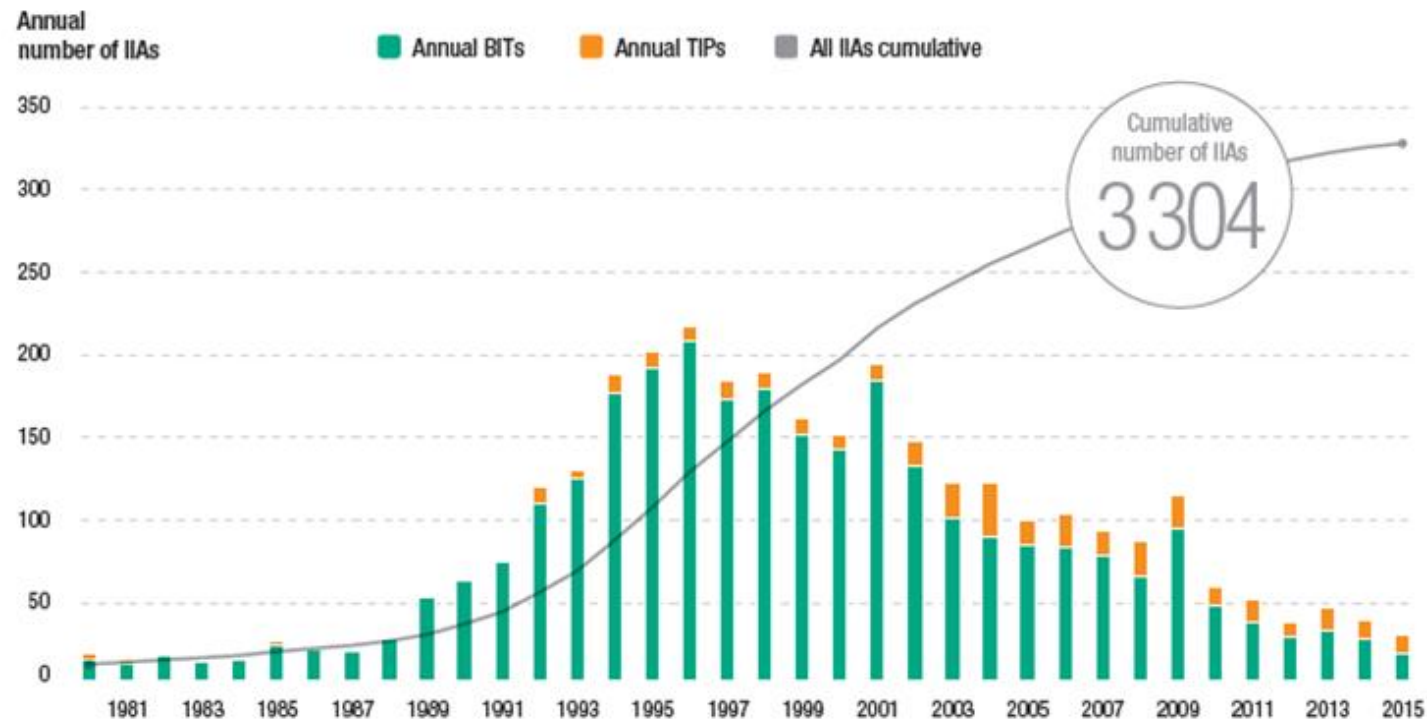
Changes in national investment policies, 2002-2016 (per cent)



Source: ©UNCTAD.

The IIA universe continues to grow: 31 new IIAs in 2015 – 20 BITs; 11 treaties with investment provisions

Trends in IIAs signed, 1980-2015



Source: ©UNCTAD, IIA Navigator.

Pressing need for systematic reform of the IIA regime

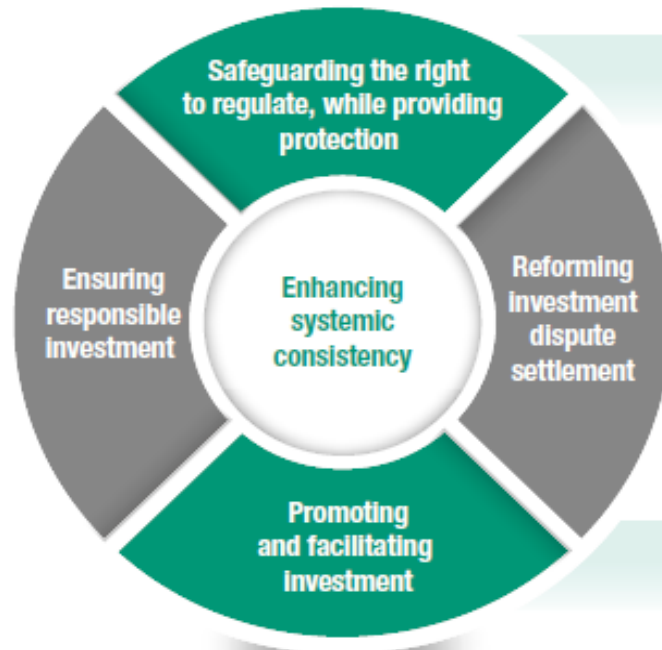
UNCTAD's Policy Framework and Road Map for IIA Reform are shaping reform objectives and approaches

UNCTAD's Road Map for IIA Reform

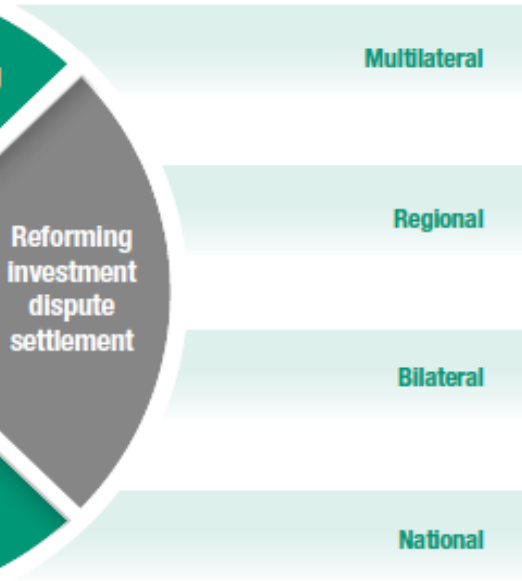
6 Guidelines

- Harness IIAs for SD
- Focus on critical reform areas
- Act at all levels
- Sequence properly
- Inclusive / transparent process
- Multilateral support structure

5 Areas



4 Levels



Source: ©UNCTAD.

UNCTAD's Global Action Menu for Investment Facilitation

Action Line 1

Promote accessibility and transparency in the formulation of investment policies, regulations, and procedures

Action Line 2

Enhance predictability and consistency in the application of investment policies

Action Line 3

Improve the efficiency and effectiveness of investment administrative procedures

Action Line 4

Build constructive stakeholder relationships in investment policy practice

Action Line 5

Designate a lead agency, focal point or investment facilitator

Action Line 6

Establish monitoring and review mechanisms for investment facilitation

Action Line 7

Enhance international cooperation for investment facilitation

Action Line 8

Strengthen investment facilitation efforts in developing-country partners, through support and technical assistance

Action Line 9

Enhance investment policy and proactive investment attraction in developing-country partners

Action Line 10

Enhance international cooperation for investment promotion for development, including through provisions of IIAs

Source: ©UNCTAD.

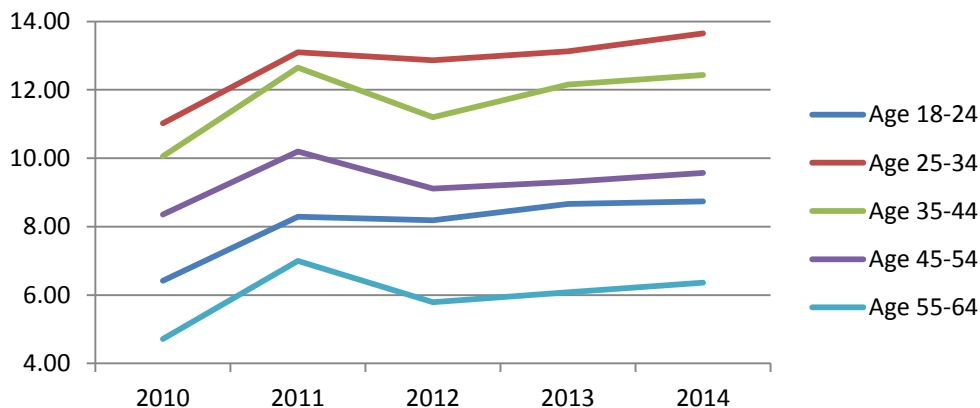
Available on UNCTAD's Investment Policy Hub

<http://investmentpolicyhub.unctad.org/>

Trends and Policies in Enterprise Development

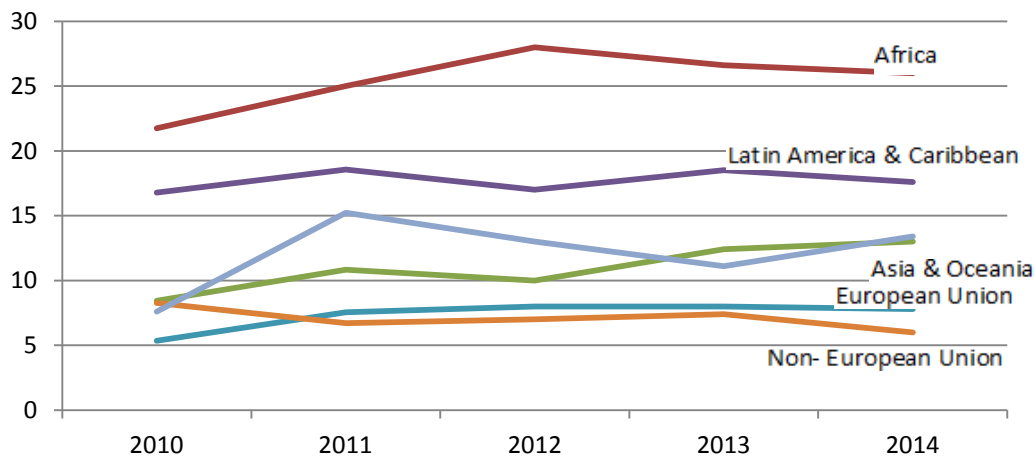
Entrepreneurship has risen in all age groups, regions since 2010

Entrepreneurial activity growth 2010-2015 (in per cent)



➤ Over the past 5 years global entrepreneurial activity has increased by ~3%

Entrepreneurial activity growth by region (in per cent)



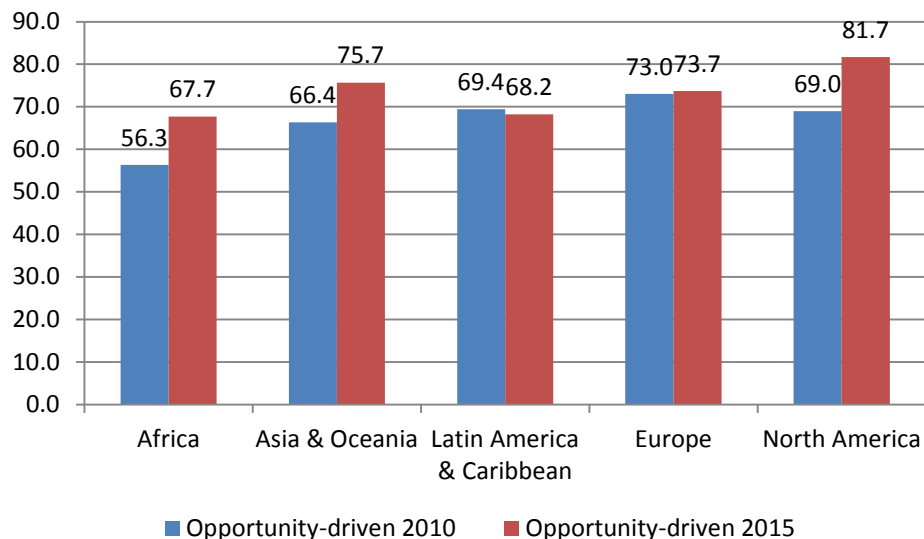
➤ Entrepreneurial activity growth is highest among African economies and lowest among European economies (EU & non-EU)

Source: GEM data

Total Early-Stage Entrepreneurship Activity (TEA)

The share of opportunity-driven entrepreneurs is rising

Percentage of opportunity-driven entrepreneurs (2010-2015)

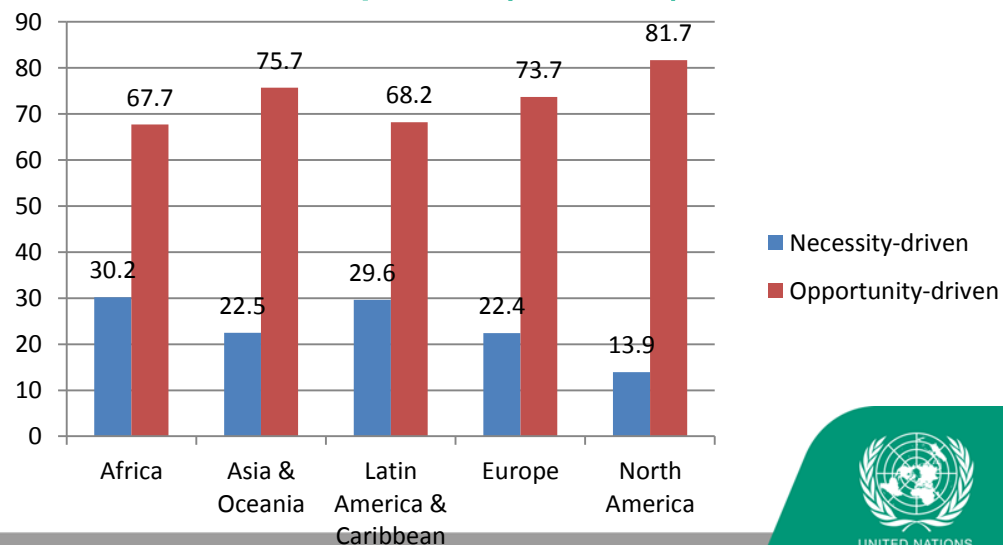


- Overall percentage of opportunity-driven entrepreneurs has increased from 66% to 73% over the past five years
- Opportunity entrepreneurs are increasing in African, Asia and North America but remain the same in European countries.

The percentage of opportunity-driven entrepreneurs can contribute to a better understanding of the entrepreneurial capacity of a country. A high share of opportunity-driven entrepreneurs brings job creation, more long-term growth and better prospects for the venture.

Source: GEM 2015

Opportunity-driven vs. necessity-driven entrepreneurs (2010-2015)

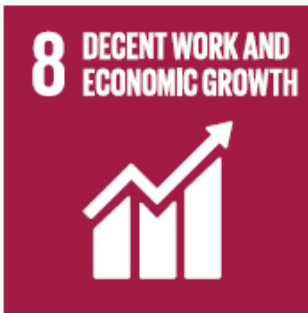




SUSTAINABLE DEVELOPMENT GOALS



4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and **entrepreneurship**



8.3 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



General Assembly

Distr.: Gen
27 February 2012

Sixty-seventh session
Agenda item 20

Resolution adopted by the General Assembly on 21 December 2012

[on the report of the Second Committee (A/67/437)]

67/202. Entrepreneurship for development

The General Assembly,

Reaffirming the commitments to development and poverty eradication emanating from the United Nations Millennium Declaration,¹ and the commitments made at the 2005 World Summit,² the 2010 high-level plenary meeting of the General Assembly on the Millennium Development Goals,³ and other major United Nations summits, conferences and special sessions,

Welcoming the outcome document of the United Nations Conference on Sustainable Development, entitled “The future we want”,⁴ and recognizing the potential of entrepreneurship to contribute to specific sustainable development objectives,

Reaffirming the Monterrey Consensus of the International Conference on Financing for Development⁵ in its holistic approach, and the Doha Declaration on Financing for Development, outcome document of the Follow-up International

Resolution text of 2016, para 23:

Calls upon the relevant organizations and bodies of the United Nations system to further recognize and integrate entrepreneurship in its various forms into their policies, programmes and reports, as appropriate, and invites the United Nations system, and in particular the **United Nations Conference on Trade and Development**, 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...



General Assembly

Distr.: General
28 January 2015

Sixty-ninth session
Agenda item 19

Resolution adopted by the General Assembly on 19 December 2014

[on the report of the Second Committee (A/69/468 and Corr.1)]

69/210. Entrepreneurship for development

The General Assembly,

Recalling its resolution 67/202 of 21 December 2012,

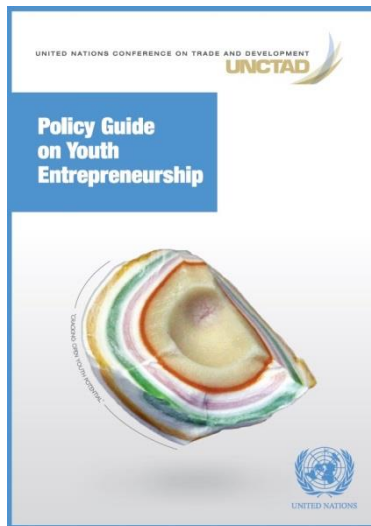
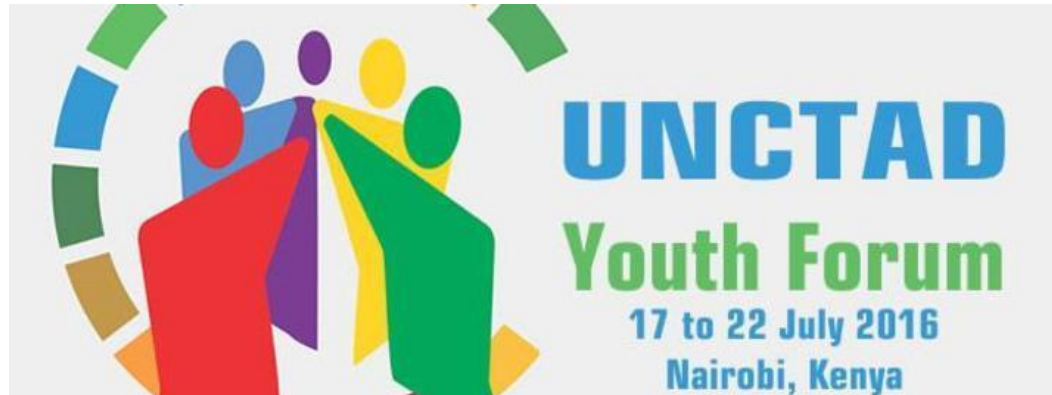
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Recalling the special event to follow up efforts made towards achieving the Millennium Development Goals, held on 25 September 2013, and its outcome document,⁴

Recalling also the outcome of the United Nations Conference on Sustainable Development, held in Rio de Janeiro, Brazil, from 20 to 22 June 2012, entitled “The future we want”⁵ and recognizing the potential of entrepreneurship to contribute to

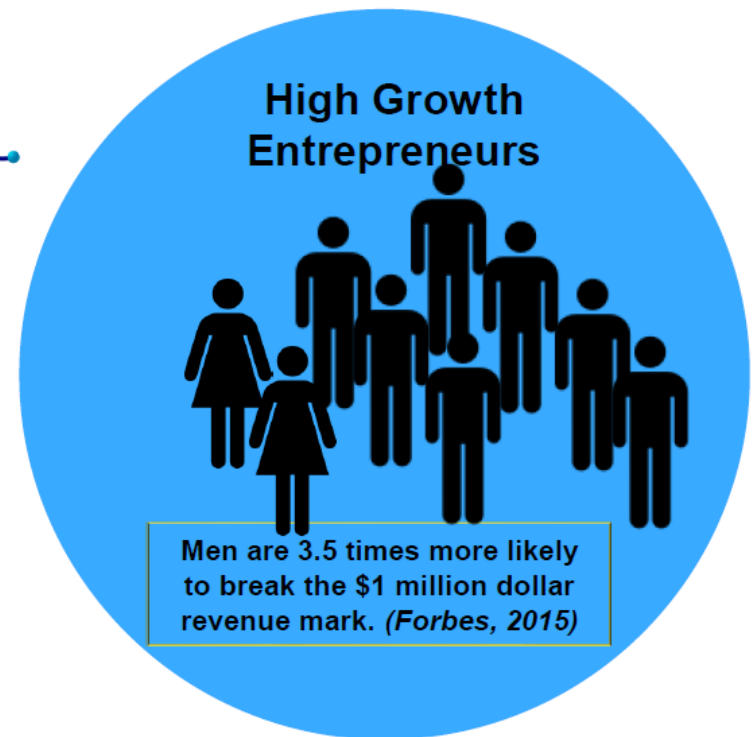


Youth Entrepreneurship



Women Entrepreneurship

Women represent untapped potential - **Only 2% of women owned businesses cross over to break the \$1 million revenue mark**



SDG Agenda: Fostering entrepreneurship to help vulnerable groups

Refugees



Limited access to literacy



EMPRETEC+

Prisons



empretec

A major theme of the SDGs is the role of economic and social inclusion to reduce inequality and promote sustainability.

- **Social entrepreneurship training**
- **Empretec for low literacy persons**

UNCTAD's actions and impact in entrepreneurship and productive capacity-building

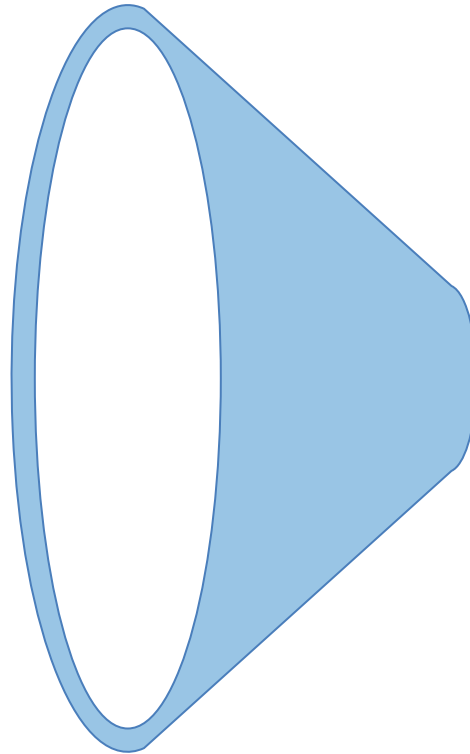
UNCTAD...

 transforms economies

 tackles vulnerabilities

 improves competitiveness

 enriches multilateralism



FOSTERING ENTREPRENEURSHIP
FOR A BETTER FUTURE

Looking forward . . .

Entrepreneurship Policy Framework

- Reinforce the importance of a holistic approach and continue to implement coherent policies for entrepreneurship development to achieve inclusive sustainable growth
- Develop policy guidance for vulnerable groups
- Build a comprehensive and structured framework to monitor entrepreneurship policies by systemizing existing indicators and providing guidance on how indicators should be compiled (building on existing experiences and frameworks in this area)

Capacity-building

- Strengthen the Empretec network of close to 40 centres and expand to new destinations;
- Further develop our activities “for promoting and facilitating entrepreneurship for sustainable development”, as called for in the UNCTAD14 Nairobi Maafikiano.

THANK YOU!

For the latest investment trends and policy developments,
please visit the website of the
UNCTAD's Division on Investment and Enterprise
www.unctad.org/diae

For further information, please contact:

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