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**Investment, Enterprise and Development Commission**

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Item 6 of the provisional agenda

**Promoting and strengthening synergies among the three pillars**

**Progress report on the implementation of the  
recommendations of the first session of the Investment,  
Enterprise and Development Commission**

*Executive summary*

This report provides information on the implementation of recommendations adopted by the Commission at its first session. In particular, it focuses on UNCTAD's work on policies and measures that can help developing countries boost their productive capacities and international competitiveness. This includes in-depth analysis, consensus-building, and the provision of technical assistance and capacity-building. The report places particular emphasis on the promotion and strengthening of synergies among these three pillars of UNCTAD's work. In addition, the report exemplifies the impact of UNCTAD's work in the area of investment and enterprise development. It is complemented by an annex presenting a list of outputs corresponding to the mandates set out in Accra.

**The Commission requests UNCTAD to take into account the different needs and circumstances of countries according to paragraph 10 of the Accra Accord when implementing these conclusions.**

1. In the area of investment and enterprise development, UNCTAD continued to assist all developing countries. In 2009, 107 countries out of UNCTAD's 193 member States benefited from at least one of the programmes and activities in these areas of work. As recommended by this Commission, the programme paid specific attention to the different needs and circumstances of countries according to paragraph 10 of the Accra Accord, while continuing to ensure a balanced geographical coverage of its services.

2. During the reporting period, the Division on Investment and Enterprise (DIAE) enhanced its work on the special problems of the African continent, both in addressing themes of particular interest for the continent in its analytical work on cross-cutting issues such as agriculture and services, and through technical assistance, with 50 African countries having benefited from at least one of DIAE's programme. The division also provided support to 34 of the 49 least developed countries (LDCs) (70 per cent), 21 landlocked developing countries (LLDCs) and 8 small island developing States (SIDS), especially through training. Most LDCs benefited from at least two different programmes, and it is estimated that, alone, they constitute more than one third of the beneficiary countries of the division's main programmes (investment information systems, international investment agreements, investment facilitation compact, investment policy reviews, and enterprise development). In addition to being addressed in cross-sectoral publications, countries of groupings identified in paragraph 10 of the Accra Accord are the beneficiaries of specific issues, such as the Investment Guides (two guides were published in 2009, for the countries of the Silk Road and for Benin). Moreover, the division is an active member of the UNCTAD task force involved in the preparatory process for LDC IV. In this context, a number of high-profile events are planned, such as a seminar on mobilizing investment for LDCs, an event on LDCs' access to medicine, and on entrepreneurship and integration of LDCs in international value chains.

**The Commission expressed its concern about the impact of the global economic crisis on foreign direct investment (FDI) flows. Their drastic decline threatens to erode development gains made thus far. The Commission encourages the secretariat to continue its analytical research on the impact of the economic crisis on FDI, especially in developing countries, and explore appropriate policy options to restore and improve conditions for FDI to contribute to growth and development. Particular attention should be given to the crisis' impact on the level, structure and evolution of investment, and policy responses by home and host countries.**

3. Responding to this recommendation, the secretariat prepared a study entitled "Assessing the impact of the current financial and economic crisis on global FDI flows" (UNCTAD/DIAE/IA/2009/3) and developed two new core products – the *Global Investment Trends Monitor* and the *Investment Policy Monitor*. The former, published in May 2009, provides an analysis of the impact of the crisis on international investment, raising major concerns about the outlook for the international investment. The latter aims at providing the investment and development community with timely and e-based quarterly information respectively on the level, structure and evolution of investment, and on policy responses by home and host countries. Both monitors were widely disseminated and well covered by mainstream media such as the Wall Street Journal. The first three releases of the

monitors also received highly positive feedback from policymakers from both developed and developing countries.

4. The *Global Investment Trends Monitor* provides a timely periodic assessment of global FDI trends and prospects. In order to present the global investment trends clearly, and with a view to meeting user requirements, UNCTAD developed a Global FDI Quarterly Index. This index is based on quarterly data of FDI inflows for 67 countries and economies, which together account for roughly 90 per cent of global FDI flows.

5. The *Investment Policy Monitor* reports on national and international investment policies covering countries all around the world. The monitor aims at providing up-to-date information about foreign investment policy issues, and contributes to preparing the ground for future policymaking in the interest of making foreign investment work for growth and development. Through its monitoring of investment policy changes, UNCTAD offers cutting-edge and innovative contributions to investment policy discourse.

6. During the reporting period, UNCTAD also surveyed a sample of 240 company executives from the largest non-financial TNCs about the effect of the crisis on their international investment strategies during the next three years: The *World Investment Prospects Survey 2009–2011*, which was published in September 2009, forecasts and examines future trends in FDI flows. The report concluded that due to the negative impact of the ongoing economic and financial crisis and major uncertainties regarding its evolution in the short term, TNCs expect a short decline in their FDI expenditures in 2009 but seemed rather optimistic about the evolution of the global economic outlook in the medium term, and appeared willing to continue internationalizing their operations. This “*decrease-then-rebound*” pattern in TNCs’ investment plans for 2009–2011 seems similar across all regions.

7. UNCTAD also recently prepared a new project on “International cooperation to develop a global monitoring system in national investment policies” to further strengthen the capacity of developing countries’ policymakers to attract and benefit from FDI, especially in the aftermath of the current crisis. Such a system is expected to favour the expansion of a global knowledge base on countries’ national investment policies and their development impact. The system would be based on a database of national investment policies and the impact of these policies on development, including the creation of an e-network to facilitate international dialogue on best practices, allowing developing countries’ policymakers to benchmark their national investment policies.

8. In strengthening UNCTAD’s analytical capacity in investment, an inaugural annual symposium on “International Investment for Development” was held on 15–16 March 2010. The symposium’s participants included many lead academics, industry experts and policymakers from across all developed and developing regions, with a significant proportion being from LDCs. A wide range of topics was discussed, with a view to establishing a policy-orientated research agenda for the next decade, including the TNC Development Paradigm. The symposium provided UNCTAD with an excellent opportunity to further deepen and broaden its international intellectual network.

**The Commission noted with appreciation the analysis contained in the World Investment Report 2008 and UNCTAD’s other investment-related analytical work. It looks forward to the World Investment Report 2009 on FDI in agriculture, an issue of vital importance to most developing countries.**

9. The *World Investment Report (WIR) 2009* focused on transnational corporations, agricultural production and development. The report charts the impact of the economic

crisis on investment and, separately, examines the role of TNCs in addressing critically low levels of agricultural productivity in many developing countries. Poor agricultural production still poses a considerable obstacle to growth and development, and TNC involvement in this sector has historically been limited. The report's main finding, however, is that private foreign investment can play a significant role in helping developing countries enhance their agricultural sectors under the appropriate policy setting. *WIR 2009* also offers concrete policy advice on how to establish a framework and develop national capabilities to best harness them for agricultural development, with a view to maximizing development benefits and minimizing costs.

10. The report was presented at the Trade and Development Board. The Board noted that the choice of topic for the *WIR 2009* was "both timely and important, especially in view of the recent food crisis, concerns on food security and the international efforts to fight hunger under Millennium Development Goal 1."<sup>1</sup> The report also received wide public interest, as demonstrated in the global press coverage: the worldwide launch of the *WIR 2009* generated over 1,250 individual reports or broadcasts by the press or other media in over 100 countries. In order to increase the dissemination and outreach efficiency of the report, regionally based seminars/workshops for high-level policymakers in developing countries continued to be organized, aiming at facilitating the understanding of the *WIR* and at increasing its usefulness for policymakers.

11. The important contribution that FDI in agriculture can potentially play on development was also debated in the context of the Multi-year Expert Meeting on South–South Cooperation and Regional Integration (Geneva, 14–16 December 2009), which focused on the role of South–South and triangular cooperation for sustainable agriculture development and food security in developing countries. During the meeting a session on "The Potential of South–South Investment for Agricultural and Economic Development" was organized. Contractual farming, as well as other specific areas of agricultural development (production, R&D and infrastructure), where the interaction between domestic and foreign investment can be enhanced, were also discussed at the Multi-year Expert Meeting on Investment for Development (Geneva, 3–5 February 2010). The issue on FDI in agriculture will be further discussed under agenda item 5 of the current session of the Investment, Enterprise and Development Commission, which is to discuss "Investment in the agricultural sector with a view to building productive capacities".

12. Building on the analysis of the *WIR 2009*, UNCTAD also participated, with the Government of Japan and other international bodies, in the initiative on "Promoting Responsible International Investment in Agriculture", which aims at addressing the transparency, accountability and development perspective involving FDI and TNCs in agricultural production in developing countries. A number of meetings took place in various forums (New York, 23 September 2009; OECD, 7–8 December 2009) with a view to formulating a coordinated response to the issue and developing principles and an international framework to promote responsible investment in agriculture.

13. The 2010 report will focus on a number of important issues, including FDI and climate change. In addition, and with a view to making the report even more orientated to the needs of policymakers and other users, *WIR 2010* marks a structural change on the occasion of the twentieth anniversary of the report.

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<sup>1</sup> TD/B/56/L.1/Add.6 dated 24 September 2009.

**It requests UNCTAD to continue strengthening its analytical research on FDI and its development implications, including on, for example, regional integration, South–South investment, investment in green and renewable energies technologies, and FDI and workforce gender balance.**

14. The Multi-year Expert Meeting on Investment for Development (Geneva, 3–5 February 2010) analysed in depth the development implications of investments, covering both foreign and domestic sources. The meeting discussed effective and active policies to boost the productive capacities and international competitiveness of developing and transition economies. On the basis of two different case studies – agriculture (including food production) and climate change – the meeting discussed how policies can help ensure that the direct and indirect effects of both foreign and domestic investment bring development gains with due regard given to public–private initiatives. In this context, the secretariat examined how domestic and foreign investments have evolved in the past two to three decades, and how synergies between them can be enhanced with no or little crowding-out effects.

15. The secretariat continued research and other initiatives to deepen and broaden knowledge on South–South FDI and developing-country TNCs by examining a set of interrelated issues. These included (a) drivers, motivations, and policy and institutional influences on South–South FDI; (b) development implications and impact; and (c) the investment strategies of developing-country TNCs, including how regional integration affects their investment behavior. The Multi-year Expert Meeting on International Cooperation: South–South Cooperation and Regional Integration (Geneva, 14–16 December 2009) discussed the relationship between regional integration and FDI, and how regional integration increases the attractiveness of different regions for investment and production, in the context of South–South cooperation.

16. The secretariat also conducted research on climate-friendly investment policies at both national and international levels, often in close cooperation with the United Nations Framework Convention on Climate Change. FDI and climate change will be one of the themes addressed in the *WIR 2010*. FDI in services continued to be another main area of research for the secretariat, which is currently finalizing a publication entitled “FDI in tourism – the development dimension: West Africa”. UNCTAD also continued to strengthen its analytical research on FDI and its development implications in preparing case studies for requesting countries.

17. Since the first session of this Commission, three issues of the journal *Transnational Corporations* have been published too. They address the themes of transnational corporations and extractive industries, business function outsourcing in global value chains, international business links and domestic technological capabilities, EU enlargement and FDI, and Islamic finance.

**The Commission encourages UNCTAD to further strengthen its research and analysis in the area of science, technology and innovation as per paragraph 158 of the Accra Accord, including within IIAs.**

18. The UNCTAD Intellectual Property (IP) programme aims at – among other objectives – identifying ways and means to use flexibility in international IP architecture to promote the technological capacities and other public policy objectives of developing countries. A Ministerial Breakfast Roundtable was organized on the theme of “Global Public Health – High-Quality, Low-Cost Pharmaceutical Production in Developing

Countries”, during which UNCTAD highlighted the need for market-based but development-oriented policies for the promotion of technology transfer and foreign investment in developing countries. In this area, activities benefit from the research undertaken in the context of the finalization of UNCTAD’s draft *Reference Guide to Using Intellectual Property Rights to Stimulate Pharmaceutical Production in Developing Countries*. Several policy briefs were also prepared in cooperation with ICTSD. The objective of these policy briefs is to contribute to the implementation of the 2007 World Intellectual Property Organization (WIPO) Development Agenda recommendations, based on a request made in recommendation 40 of the WIPO Development Agenda.

19. During the reporting period and at the request of the governments of Thailand and Uganda, UNCTAD, in cooperation with ICTSD, finalized advisory reports on the interface between competition and intellectual property law for the Department of Intellectual Property in Thailand, and on the development dimensions of intellectual property for Uganda. Another study on the development dimension of intellectual property with a focus on copyrights and economic growth is being finalized for Cambodia. Regional and country-level technical assistance on intellectual property and development issues also included lectures delivered for Mauritius and for Southern, Central and Western African countries on TRIPS flexibilities.

20. Information relating to the implementation of the provisions of the Accra Accord in the area of science, technology and innovation (STI) with regard to paragraph 158 of the Accra Accord is provided in a separate document.

**With a view to supporting policymakers in designing and implementing investment policies that work for development based on sound analysis and reliable statistics, the Commission requests UNCTAD – taking into account the different needs and circumstances of countries according to paragraph 10 of the Accra Accord, in particular LDCs – to assist in collecting quality data on FDI and transnational corporation activities, and building related institutional capacity. The Commission calls upon development partners to support UNCTAD’s technical cooperation in this field.**

21. To support policymakers in designing and implementing policies based on reliable statistics, UNCTAD issued in 2009 a revised version of its *Training Manual on Statistics for FDI and the Operations of TNCs, in three volumes*. The manual aims at helping developing countries, and especially LDCs, to enhance the capacity of their government agencies to compile, analyse and disseminate data on FDI and the operations of TNCs, based on internationally recommended standards. The first volume deals with FDI flows and stocks, the second with statistics on the operation of TNCs, while the third volume examines institutional issues in collecting and reporting FDI/TNC statistics. Furthermore, the secretariat has continued to maintain its dedicated FDI statistics website, which contains profiles for 112 countries and fact sheets for 188.

22. Responding to this recommendation, UNCTAD also intensified its technical cooperation activities to assist developing countries in collecting quality data on FDI and transnational corporation activities, and building related institutional capacity. In this area, specific attention was paid to LDCs, most of which are located in Africa. During 2009, nine countries (Albania, Belarus, Burundi, Comoros, Djibouti, Seychelles, Swaziland, Uganda and the United Republic of Tanzania) benefited from capacity-building training in FDI statistics. According to a survey conducted with the participants of these workshops, more than 85 per cent of participants were very satisfied with the sessions, which met the

objectives of 90 per cent of the participants. In addition, UNCTAD has continued to assist COMESA's member States in devising and utilizing a common statistical methodology and survey on FDI/TNCs statistics.

### **The Commission welcomes UNCTAD's work on best practices in investment policies and calls for its continuation.**

23. On the basis of its *Framework for Case Studies of Best Practices in Foreign Direct Investment*, which resulted from the background paper prepared for the 2007 expert meeting on best practices, and the inputs therefrom, UNCTAD prepared 16 case studies in seven sets of issues: *Using FDI to build infrastructure: the case of electricity* (Chile and New Zealand), and *The case of roads* (Australia and Peru), *How to Attract and benefit from FDI in small economies* (Estonia and Jamaica), *How to create and benefit from foreign affiliates: domestic SMEs linkages* (Malaysia and Singapore), *Using FDI to build peace in post-conflict countries* (Croatia and Mozambique), *Devising a systematic competitiveness policy to enhance the contribution of FDI* (Australia and Colombia), *How to attract and utilize FDI to enhance the skills base* (Canada and Singapore), and *How to attract and benefit from FDI in extractive industries* (Canada and Chile). A further three studies on *How to use FDI to improve infrastructure – ports*, *How to revitalize FDI in export processing zones* and *How to attract FDI to less advantaged regions* are at various stages of preparation.

24. Meanwhile, UNCTAD continued to inform the international policy dialogue on best practices in investment policymaking among industrialized countries, emerging economies and the least developed countries, through dissemination of its current work on best practices, including as an input to the Eighth Global Forum on International Investment (December 2009, Paris) organized in cooperation with the OECD, and the Second World Investment Forum, scheduled for September 2010. A new technical assistance tool that builds on the case study series and provides a hands-on policy toolbox for decision-makers in developing countries is also being developed, as is a technical assistance work programme that includes carrying out training workshops and integrating case studies in distance learning courses.

### **The Commission welcomes the recently reiterated commitments to refrain from raising barriers to – and to further promote – investment, and underscores the importance of fulfilling those commitments to mitigate the adverse impact of the global economic crisis. It also welcomes the call on international bodies to monitor and report on investment measures within their respective mandates, and encourages UNCTAD to collaborate with other relevant international organizations in this endeavour.**

25. In collaboration with other relevant international organizations – WTO and OECD – UNCTAD prepared a report on “G20 Trade and Investment Measures”. Issued against the background of considerably lower global trade and rapidly declining investment flows around the world, this report surveys policy measures in the area of trade and investment undertaken by G20 member countries. It concludes that policy developments between April and August 2009 show no widespread resort to trade or investment restrictions as a reaction to the global financial and economic crisis. However, the report cautions against “policy slippage” in the trade area and a possible protectionist impact in the investment area. Regarding investment issues, this finding is in line with UNCTAD's earlier July 2009

report “Investment Policy Developments in G20 Countries”. In this latter report, UNCTAD had surveyed investment policy developments that took place between October 2008 and June 2009, including laws and regulations that either specifically address foreign investment or are related to the general legal framework within which foreign investors operate. Amongst these policy changes, few new laws and regulations could be characterized as being “restrictive” towards FDI. Instead, the crisis had triggered new efforts by countries to promote and facilitate FDI and to enhance the clarity and stability of their investment frameworks. Protectionist pressures, however, could still potentially arise from the spreading of the crisis to less-affected economic sectors and countries, and a new wave of economic nationalism could occur in the aftermath of the crisis, if the exit of the State from bailed-out flagship industries leads to the protection of “national champions” from foreign takeovers.

26. Both the outcomes of the 2009 L’Aquila G8 Summit, i.e. the “G8 Leaders Declaration: Responsible Leadership for a Sustainable Future”, and the “Concluding Report of the Heiligendamm Process” (G8 plus 5) made references to UNCTAD’s international and national investment policy work, commending UNCTAD’s contribution to international deliberation on the development dimension of investment policies, and calling upon UNCTAD to further monitor investment measures in G20 countries and to contribute to future deliberations concerning a possible common framework for multilateral cooperation in investment. This was echoed on 25 September 2009 by the G20 “Leaders’ Statement: The Pittsburgh Summit”. Therefore, as mandated by its member States, and in light of possible future protectionist measures in the investment areas, UNCTAD will continue monitoring national and international policies for investment on a continuous basis, and make available its findings to the international community including through the newly launched Investment Policy Monitors.

**The Commission noted with appreciation the presentations of the Investment Policy Reviews (IPRs) for the Dominican Republic and Nigeria. IPRs are valuable tools to improve investment environments. The Commission emphasizes the importance of timely follow-up assistance in the implementation of the recommendations. Noting the pipeline of requests for IPRs and their follow-up, it invites development partners to enable UNCTAD to respond to these requests.**

27. Since the first session of the Investment, Enterprise and Development Commission, UNCTAD has finalized five IPRs, for Belarus, Burkina Faso, Burundi, El Salvador and Sierra Leone. The IPRs of Burkina Faso and Burundi were presented, respectively, in June 2009 and March 2010, in the presence of high-level delegations, which included ministers and private investors from large international corporations. The IPRs for Belarus and El Salvador are due to be presented during this second session of the Commission. In most cases, funds have been committed by donors for timely follow-up assistance in the implementation of some of the IPRs’ recommendations. A further two IPRs, for Guatemala and the former Yugoslav Republic of Macedonia, are at various stages of preparation.

28. IPRs are conceived of as a process, and as requested by this Commission, the secretariat has continued to offer substantial follow-up assistance to beneficiary countries. Since the last Commission, UNCTAD has maintained follow-up activities in seven countries. In Belarus, various training sessions on business planning for investment, key issues and methodologies on investor targeting, and methodologies to collect FDI statistics have been conducted. For Ethiopia, the secretariat prepared two regional investment promotion strategies, in addition to targeting strategies for specific industries. This country also benefited from advisory services and distance learning courses on International



Investment Agreements (IIAs). The report on the implementation of the IPR of Ghana was finalized too, and further assistance was provided in the areas of IIAs, and investor aftercare. A review of IIAs was conducted for Morocco, which led to a revision of its bilateral investment treaty (BIT) model. A new mining code for bituminous schist was also finalized. In the context of the follow-up to the IPR of Nigeria, comments were provided on the draft national tax policy. Advisory assistance was also provided to Sierra Leone in negotiating and preparing a model BIT, and to Rwanda, with a view to strengthening the legal framework of the mining sector and attracting skills.

29. The total number of completed IPRs now amounts to 28, including 19 for African countries (and 12 for LDCs). As a result of the valuable recommendations put forward in the completed IPRs, an additional 27 countries have requested them. Meanwhile, follow-up assistance on the implementation of IPR recommendations has now been completed for 12 countries and is being carried out in six additional countries, illustrating the importance that UNCTAD attaches to timely implementation of the IPR recommendations.

**The Commission calls upon UNCTAD to continue its role as the United Nations' focal point for all matters related to IIAs, through its research and policy analysis, technical assistance and capacity-building, and intergovernmental deliberations.**

30. Responding to this mandate, and with a view to furthering understanding of the development dimension of IIAs and their effect, UNCTAD prepared three studies of the series on International Investment Policies for Development, on the "*Role of international investment agreements in attracting foreign direct investment*", on the "*Protection of national security interests in IIAs*", and on "*Alternatives to treaty-based investor-State dispute resolution: exploring dispute prevention policies and alternative methods of settlement*". UNCTAD also prepared two revised issues of the first generation series on Key Issues in IIAs: "*Scope and Definition revisited*" and "*Most-favored-nation treatment revisited*", and advanced the preparations of "*Fair and equitable treatment revisited*" and "*Expropriation revisited*". The former two were peer-reviewed in a new format in an ad hoc expert meeting in December 2009. These publications were complemented by several issues of the IIA monitor, dealing respectively with the "*Latest developments in investor-State dispute settlements*", "*Selected recent developments in IIA arbitration and human rights*" and "*Recent developments in IIAs*".

31. UNCTAD continued to assist developing countries coping with complexities of IIAs, the related negotiation and implementation challenges, and the growing incidence of investment disputes. During the reporting period, the secretariat organized three distance learning courses on IIAs, three regional training courses on investment promotion and protection for French-speaking African countries, courses on managing investment disputes for Latin American countries, and courses on trends and emerging issues in IIAs and development implications for African countries. Also, the secretariat co-organized, in cooperation with APEC, two courses on the core elements in IIAs and on international investment treaties and investor-State disputes for APEC member countries, held in Malaysia and the Philippines respectively. In addition, nine national workshops on various issues at the specific request of member States were organized. These training sessions totaled 115 days and benefited 369 participants from 59 countries (of whom an estimated 42.5 per cent were women). Feedback was overwhelmingly positive, with more than 80 per cent of the participants rating the organization of the courses as either excellent or very good. In addition, advisory services on investment dispute prevention policies were provided to Colombia, the Dominican Republic, Guatemala and Panama. Furthermore, the secretariat reviewed – at their request – the BIT models of Botswana, Ghana, Turkey and

Sierra Leone, and contributed to the revision of the CARICOM model BIT. Ad hoc advisory assistance on IIAs was also provided to Ethiopia, Malaysia, Morocco and Sierra Leone, as well as to various subregional organizations.

32. UNCTAD continues to be the leading source of information on IIAs. A number of tools are being maintained, including databases of bilateral investment treaties, double taxation treaties, free trade agreements and investor–State dispute settlement cases. The e-network of IIA experts, which makes it possible to disseminate information and discuss key issues of concern to the IIA community, now has more than 1,200 members. During the reporting period, two online discussion forums took place (on the issues of investment protectionism and the most-favored-nation clause in IIAs).

**The Commission expressed its appreciation for UNCTAD’s work in investment promotion and facilitation for development, especially its technical assistance programme in support of investment promotion agencies. It welcomes the cooperation with other organizations active in this area, in particular the World Association of Investment Promotion Agencies (WAIPA).**

33. Responding to this recommendation, UNCTAD continued to assist developing countries through its technical assistance programme on investment promotion and facilitation. This included advisory services on investor targeting strategies, IPA client charters, policy advocacy strategies and institutional support, which were provided to Ethiopia, Ghana, Honduras, Malta and Mauritius. National training workshops were organized in Benin, Ghana and Mozambique, while a workshop for Indonesian diplomats posted in Africa and the Middle East was held in South Africa (Cape Town). Regional and interregional workshops were held in Argentina (Buenos Aires), Switzerland (Geneva) and the United Republic of Tanzania (Dar es Salaam). Over 300 officials from 72 developing countries and economies in transition were trained on issues such as “Promoting and retaining investment in times of economic crisis” and “Investor targeting in the services sector”. In addition, a study tour for investment promotion officials was organized to the Republic of Korea, exposing them to the latest investment promotion and aftercare practices and techniques.

34. Two volumes of the newly launched investment advisory series – toolkits for investment promotion practitioners – were launched in 2009, which focused respectively on “Promoting Investment and Trade: Practices and Issues” and “Promoting Foreign Investment in Tourism”, bringing the number of finalized issues to five. A further issue, a “Handbook on Investment Promotion for Diplomats” is currently being finalized.

35. WAIPA and the secretariat continue to develop their joint activities in the area of investment promotion. Following the 2009 UNCTAD–WAIPA Investment Conference attended by over 150 participants from 61 countries, the two institutions delivered together regional workshops and study tours.

36. Since the first session of this Commission, the secretariat has finalized investment guides for Benin, Comoros, the Lao People’s Democratic Republic, Morocco, and the Silk Road, bringing the total number of completed guides to 17. Two further issues for Zambia and the eastern region of Morocco are being finalized, together with a revised version of the guide for Rwanda. A Blue Book on Investment Facilitation and Promotion was also prepared for Nigeria and launched in 2009. UNCTAD’s new tool – the i-Track system, which aims at managing investors’ online applications for investment licences and at enabling IPAs to track investors through their investment cycle – is being installed in Benin and in the Lao People’s Democratic Republic.

37. In the period under review, UNCTAD further intensified cooperation with APEC. At the request of the 2010 APEC Chair and of the Senior Official Meeting, and in addition to the existing technical cooperation with APEC, the division conducted a review to assess the progress of investment liberalization and facilitation by the nine “industrialized” economies of APEC in the context of the Bogor Goals.

**The Commission noted with satisfaction UNCTAD’s assistance to help countries, in accordance with paragraph 10 of the Accra Accord, boost administrative efficiency through e-government practices. It requests UNCTAD to extend its support to more countries, to reinforce its analytical work towards identifying relevant good practices and policies, and to facilitate sharing them amongst member States. It encourages donors to support UNCTAD’s assistance to countries for enhancing administrative efficiency.**

38. UNCTAD continued to provide assistance to developing countries to build local capacities to improve their e-government practices. To this end, UNCTAD has developed its e-regulations system designed to bring total transparency in administrative procedures related to enterprise creation and operations and to help devise better regulations. Assistance was provided this year to Colombia, Comoros, El Salvador, Guatemala, Mali, Nicaragua, Rwanda and Viet Nam in managing and further implementing the e-regulations system. As of 31 December 2009, there were 19 pending requests for UNCTAD’s assistance in installing an e-regulation system, which is a clear indication of the success of this tool.

39. With a view to reinforcing its analytical work towards identifying relevant good practices and policies, and to facilitate sharing them amongst member States, the secretariat is currently finalizing its first policy brief on administrative efficiency, which focuses on best practices on company procedures, construction permits and property transfer procedures. During this second session of the Investment, Enterprise and Development Commission, under agenda item 4 entitled “The role of States: efficiency in public investment for development – sharing best practices”, a substantive session will be organized, informed by an issue note prepared by the secretariat entitled “Public investment in administrative efficiency for business facilitation”. The meeting will discuss (a) the effectiveness of public investment in administrative efficiency; (b) examples of best practices in bolstering administrative efficiency through public investment towards diminishing “externalities” for private operators by fostering greater transparency, streamlining procedures and developing e-government; and (c) promoting the international exchange of best practices and solutions among governments.

**The Commission highlighted the significant contribution of UNCTAD’s Empretec work in entrepreneurship development in Africa and Latin America. It recognizes the contribution of UNCTAD’s Business Linkages programme in integrating small and medium-sized enterprises in global value chains, and its work on tourism. The Commission encourages UNCTAD to develop more such projects, especially in LDCs.**

40. Throughout the period, UNCTAD continued to strengthen its work towards entrepreneurship development. The secretariat organized the second session of the Multi-year Expert Meeting on Enterprise Development Policies and Capacity-Building in Science,

Technology and Innovation (STI) from 20 to 22 January 2010 in Geneva. The meeting discussed the main elements of a framework for the effective formulation, monitoring and evaluation of national policies that can inspire and enable individuals to start and grow their businesses. It also addressed innovation policy frameworks that respond to the needs and conditions prevailing in developing countries, and experts held discussions on a possible set of indicators that could be used to assess the impact of policy measures on entrepreneurial and STI activity in the country. Discussions were informed by an issues note prepared by the secretariat entitled “Key components of entrepreneurship and innovation policy frameworks”.

41. UNCTAD also organized a session on “Foreign direct investment for productive capacity-building” on 23 February 2010, during the expert meeting on “Contribution and Effective Use of External Resources for Development, in particular for Productive Capacity-Building”. This session examined under what conditions FDI activities in developing countries can interact more effectively and efficiently with the host economy in a way that helps build and strengthen local productive capacities. This included the identification of policies that encourage the creation of linkages and synergies between domestic and foreign enterprises.

42. The annual Empretec directors’ meeting held in Jordan (26–28 October 2009) was attended by directors from 24 Empretec centres. This year, a special session was devoted to the economic downturn, during which directors expressed their confidence in the eventual recovery of SMEs. To facilitate consensus and the exchange of best practices in the area of entrepreneurship, the programme also organized two sessions of the Empretec Africa Forum, in October 2009 and January 2010. Four issues of the quarterly Empretec newsletter contributed to further facilitating exchanges of experiences. A toolkit for entrepreneurs – the Entrepreneur’s Guide – was finalized too. In 2009, DIAE hosted the first Global Entrepreneurship week, and organized a series of workshops, talks and events. Global Entrepreneurship week is an international initiative to unleash young people’s ideas on issues that matter most to present-day society, and to foster a global culture which recognizes entrepreneurs as drivers of economic and social prosperity.

43. As recommended by this Commission, specific emphasis was placed on entrepreneurship development in Africa and Latin America. In addition to providing overall assistance to Empretec regional country centres in Latin America, Africa and the Arab region, Empretec installations continued in the Dominican Republic, Ecuador, Peru, the United Republic of Tanzania and Zambia. Also, a total of 15 workshops were organized for Africa and Latin America, together with three regional trainings of trainers. The business linkages programme finalized in 2009 its publication on “Integrating developing countries’ SMEs into Global Value Chains”. It also contributed to the creation and strengthening of business linkages in Africa and Latin America through the provision of advisory services in Argentina, the Dominican Republic, Mozambique, Peru, the United Republic of Tanzania, Uganda and Viet Nam, and the organization of several workshops. UNCTAD, in cooperation with ITC, organized a two-day regional workshop to sensitize the Empretec programmes in Argentina, Brazil, Chile and Uruguay to the importance for both small and larger firms of mastering supply chain management techniques. Two regional meetings have been held for the African business linkages programmes and Empretec African centres. Evaluation of the business linkages programme in Pernambuco, Brazil, show a 100 per cent increase of productivity among the participating SMEs in strategic areas identified by the purchasing TNCs, such as quality management and corporate social responsibility. SMEs more than doubled their sales, and increased employment by 5 per cent in nine months. In Uganda, as of 2008, SMEs participating in the project grew by up to 460 per cent, employment increased by 100 per cent, and productive efficiency improved by 25 per cent. Furthermore, due to their improved business skills, more than 2,500 rural SMEs were able to transform their farming activity from subsistence farming to real businesses.

44. In the area of capacity-building, UNCTAD continued, through advisory services and the organization of regional and national training sessions, to provide support to e-tourism activities in Benin, Burkina Faso, Djibouti, Mauritania and Rwanda. Ad hoc assistance was also provided to Morocco on e-marketing issues. During the reporting period, the secretariat finalized training material on various e-tourism issues, such as partnership building, e-marketing techniques, as well as on business models and ICT applications. Additionally, the Data Collector – a free open source system that will allow collective tourism standardized data gathering – was substantially enhanced during 2009 and was released in December 2009. Field implementation is scheduled to start in February 2010. Furthermore, the secretariat continued to develop its electronic tourism platform.

**The Commission welcomes the work undertaken by ISAR, which is particularly important at the present time. It encourages donors to support capacity-building efforts in corporate transparency and accounting.**

45. The twenty-sixth session of the Intergovernmental Group of Experts on ISAR (Geneva, 7–9 October 2009) addressed, as its main item, the impact of the financial crisis on the implementation of International Financial Reporting Standards (IFRS). It also discussed accounting by small and medium-sized enterprises, and corporate governance and corporate responsibility reporting. In addition, capacity-building efforts to strengthen accounting and reporting institutions were reviewed by the participants, who also noted the growing demand for technical and institutional capacity-building in the areas of financial reporting, auditing, corporate governance disclosure and corporate responsibility reporting. This twenty-sixth session involved 192 experts from 56 countries. As evidenced in the responses to the evaluation questionnaires circulated after the session, about 98 per cent of the participants found the session useful. Furthermore, many respondents commented on the increasing number of high-level speakers attracted by this annual event.

46. The debates were informed by several studies on corporate governance disclosure, including an examination of reporting practices among large enterprises in 12 emerging markets, an inventory of disclosure requirements in 24 emerging markets, and a country case study of corporate disclosure. In the area of corporate environmental and social reporting, a report on dealing with climate change related disclosure by TNCs was discussed, and a case study presented. The main findings were included in the 2009 ISAR Review.

47. As highlighted by the Investment, Enterprise and Development Commission at its first session, the work undertaken by ISAR is even more critical in the aftermath of the financial and economic crisis, and new challenges have emerged. In July 2009, UNCTAD held a conference on the financial crisis and its implications for the international financial reporting architecture and financial stability. During the conference, participants underscored the critical importance of a single set of high-quality financial reporting standards for restoring investors' confidence and fostering financial stability around the world. On 2 November 2009, UNCTAD co-hosted a meeting of institutional investors and CEOs from stock exchanges, at United Nations Headquarters. Attended by more than 100 top executives, the meeting examined the various ways in which stock exchanges could promote sustainable business practices, including existing best practices such as enhanced sustainability reporting requirements for listed companies and the establishment of environmental, social and governance indices.

**The Commission calls on UNCTAD to support the African Insurance Organization to strengthen the African insurance sector through advisory services and capacity-building.**

48. The UNCTAD Insurance Programme continued to provide advisory services and technical assistance to the African insurance sector, including through collaboration with the African Insurance Organization and the African Centre for Catastrophe Risks. In the context of the capacity-building project on “Strengthening SMEs’ development and access to financing and insurance in Morocco and Tunisia”, the secretariat recently finalized two studies on SMEs’ access to financial services and insurance products in Morocco, together with specific recommendations. With a view to sensitizing the international community to the challenges facing the insurance industry in Africa and attracting support to projects identified in cooperation with the African Insurance Organization, the secretariat also prepared a CD-ROM on the proceedings of the meeting on “Capacity-Building for the Insurance Sector in Africa” (Geneva, 23 February 2009).

**The Commission expresses its appreciation for the secretariat’s efforts to implement the Accra Accord and to further strengthen synergies within the secretariat and among its three pillars of work.**

49. Following the practice established for the first session of the Investment, Enterprise and Development Commission, the secretariat prepared a document (annexed) entitled “Overview of the outputs delivered since the first session of the Commission”, which details, by relevant mandates, the various outputs in the area of investment and enterprise.

50. During the reporting period, and as exemplified in the above development, the division continued to further strengthen the synergies amongst the three pillars of UNCTAD’s work. In this regard, a main development was the reformulation of the operational strategies and new methods in the area of investment and enterprise development. This new strategy emphasizes three overall approaches:

(a) The core product oriented approach, which will see the division concentrate on its two flagships (*World Investment Report* and *World Investment Forum*) and seven core products/services (Investment Information Systems, Investment Trends and Policy Monitors, Investment Policy Reviews, International Investment Agreements, Investment Facilitation Compact, International Standards of Accounting and Reporting, and Empretec);

(b) The IT-enhanced approach, which seeks to improve the dissemination and delivery of the division’s core products, in particular in the area of technical assistance;

(c) The networking approach, which consists in the development of an online interactive network to build a strong community of stakeholders in the area of investment and enterprise, with a view to creating new synergies among the three pillars of UNCTAD’s work.

51. The first dividends from this new strategy are already visible. For instance, in systematically and regularly producing relevant statistics and analysis through the newly developed *Global Investment Trends Monitor* and *Investment Policy Monitor*, the division aimed at facilitating intergovernmental deliberations. As a result, UNCTAD effectively contributes to the global policymaking process in the area of investment – as evidenced in the outcomes of recent summits. The approach has also significantly contributed to strengthening the synergies among the secretariat, as evidenced by the significant inputs in cross-cutting work such as South–South cooperation, agriculture, and the preparations for LDC IV.