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ACTIVITIES OF THE PROGRAMME ON INVESTMENT, TECHNOLOGY
AND ENTERPRISE DEVELOPMENT

Report by the UNCTAD secretariat

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INTRODUCTION

1. The ninth session of the Conference has provided a new and well focused framework for the work of UNCTAD in the period ahead. It emphasized the need to develop new, action-oriented common approaches to long-standing investment and trade issues in the context of development. It streamlined the scope of UNCTAD's activities over the coming period by concentrating on four areas: investment, technology and enterprise development; globalization and development; international trade in goods and services and commodity issues; and services infrastructure for development and trade efficiency. Consistent with the priorities, objectives and intergovernmental machinery established by the Conference, the programmes of UNCTAD have been rationalized and revised, and a new organizational structure of the secretariat was announced by the UNCTAD Secretary-General in April 1996 and became effective in October 1996. As a result of the restructuring of the secretariat, a new division, namely, the Division on Investment, Technology and Enterprise Development (ITE) was established. It brings together what were formerly the Division on Transnational Corporations and Investment and the Division for Science and Technology.
2. The current report covers the activities of these two former Divisions during the period January 1995 to November 1996.
3. During this reporting period, the secretariat provided substantive support in the areas of investment, technology and enterprise development to UNCTAD IX, the Trade and Development Board -- in particular the segment for high-level participation at its 43rd session -- and its relevant subsidiary bodies (in particular the Commission on International Investment and Transnational Corporations, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, and the Ad Hoc Working Group on the Role of Enterprises in Development), and the ECOSOC Commission on Science and Technology for Development. For these meetings, the Secretariat provided a total of 16 reports (see Annex I).
4. In addition, the two Divisions issued 23 publications. They include the flagship publication series *World Investment Reports* 1995 and 1996, the *World Investment Directory* series, *ATAS - (Information Technology for Development, Comparative Experiences with Privatization: - Policy Insights and Lessons Learned)*, the 1994 and 1995 *Review of International Accounting and Reporting Issues*, and the *Compendium of International Investment Instruments*, a first-ever compilation of international agreements and arrangements pertaining to foreign direct investment.
5. Apart from this analytical and policy-oriented work, the two Divisions carried out a range of technical cooperation projects -- and especially advisory and training activities -- under the following technical assistance programmes: FORINVEST -- policy framework for attracting foreign investment; TRANSACT -- negotiating international business arrangements; STAMP -- strengthening/streamlining agencies concerned with monitoring and promoting FDI; COMSAT -- commercialization of science and technology; and EMPRETEC -- entrepreneurship development. These activities accounted together for about 10 per cent of UNCTAD's total technical assistance delivery.¹ In addition, technical assistance activities were carried out as extension of analytical and policy oriented inputs.
6. It should be noted that the above work programmes were carried out within a context of continuously shrinking resources, including a freeze on recruitment of a number of vacancies and a reduction in the consultant, travel and other budgets.

¹ Report on Technical Cooperation Activities of UNCTAD (TD/B/43/7).

7. It is, therefore, of particular importance that several governments supported the work of the Division through voluntary financial contributions: Algeria, Brazil, Canada, China, Colombia, Denmark, Finland, France, Italy, Japan, the Netherlands, Norway, Oman, Pakistan, Sweden, Switzerland, Thailand, United Kingdom and the European Commission. In addition, the Governments of Austria, Denmark, Finland, Germany and the Netherlands supported the secretariat by providing Associate Experts. The secretariat also benefited from the efforts of numerous volunteer interns who assisted in various aspects of the work. Moreover, substantive contributions and advice were received from a number of experts advisors and researchers in the field. All these contributions are gratefully acknowledged.

8. Below, more detailed information is provided on activities undertaken during 1995 and 1996 (mid November) (section II), based on the then prevailing structure of the programme and organizational entities of the secretariat. It includes highlights from the two divisions' publications and other activities completed during the period. Section III outlines the objectives of the programme established in accordance with the mandates provided by UNCTAD IX and provides a brief description of the responsibilities of each branch in the Division. The report concludes with some personal reflections of the Director of the Division regarding the future orientation of work.

II IMPLEMENTATION OF THE PROGRAMME IN 1995-1996

A. Investment and transnational corporations

9. As a result of budget cutting and a reduction in extra-budgetary resources, the number of publications issued by the programme fell from 25 to 11. Much of this decline took place in non-recurrent publications. The Programme's flagship publication, the *World Investment Report*, however, remained a major source of research and policy analysis on foreign direct investment and transnational corporations.

(a) The World Investment Report

10. The most important research outputs of the Programme were the *World Investment Report 1995: Transnational Corporations and Competitiveness* (Sales No. E.95.II.A.14) (WIR95) and the *World Investment Report 1996: Investment, Trade and International Policy Arrangements* (Sales No. E.96.II.A.14) (WIR 96). To facilitate wider dissemination of the highlights and central analysis of the full volumes, executive summaries of WIR95 and WIR96 were issued (or are in the process of being issued) in several languages. WIR 95 was also translated into Chinese by a university in China, while Part III of the WIR 96 is being translated into Japanese and the entire volume will be translated into Chinese.

11. WIR 95 documents the continuing growth of FDI, especially in developing countries, presents data on the largest TNCs and, in particular, analyses the impact of FDI on the economic performance of both developed and developing host and home countries and the role of TNCs in improving the economic position of countries through the provision of access to markets, access to resources and assisting in economic restructuring. In this respect, it looks at host country policies and promotional measures aimed at stimulating FDI that contributes to development through these various functions. It also examines the experience with the liberalization of outward FDI frameworks as a means to encourage the competitiveness of firms in an increasingly globalized environment. The discussion of issues related to outward FDI in the report has led to a proposal from the Government of Thailand for a seminar on sharing experiences with liberalization of outward FDI policies, to be held in Bangkok in early 1997.

12. WIR 96 takes a closer look at the interrelationships between FDI and trade in the context of international production as a system linking global inputs through global outputs to global markets. The Report comes to the conclusion that, in today's changing global environment, the relationship between FDI and

trade can no longer be placed in the simple context of one being a substitute or a complement for the other. Technological developments, changes in the organizational structures and management of firms and the removal of policy barriers by host-country governments have all given firms greater freedom in choosing production locations and modalities of internationalization. The traditional linear sequential relationship between FDI and trade is slowly becoming obsolete, being replaced by a more complex relationship characterized by intra-firm trade flows within an integrated international production system. Within that system, FDI and trade flows are determined simultaneously. In light of these developments, countries are establishing policy frameworks within which both trade and FDI can flourish. Most of these efforts have taken place at the national, bilateral and regional levels. Key issues relevant for international FDI agreements are discussed at length in WIR 96.

13. To assist the preparation of the Reports, several expert group meetings were organized in Geneva. Feedback on the topics under consideration was also received at meetings convened by other organizations; staff members of the Division participated in a number of such meetings and conferences.

14. Both Reports were released through press conferences and press briefings, many of them with the assistance of United Nations Information Centres and researchers in the field. The volumes received broad coverage throughout the world. (Table 1 indicates the number of newspapers, journals and television and radio broadcasts that, according to information received by the Division, covered the Reports).

(b) Trends and data analysis

15. The trends and data analysis presented in the WIR series is based on UNCTAD's FDI and TNCs database. Maintaining and expanding this database continued, therefore, to be a prime concern of the Programme. During this reporting period, the Division completed two volumes of the *World Investment Directory*, on Africa and West Asia (publications forthcoming). With these two volumes, the Division completed the first round in its series of *FDI Directories* for all regions in the world, and has started to work on a second series of the *Directory*, using a revised format that emerged on the basis of feedback received on the volumes of the first round. The *Directory* presents data, organized by country, on both inward and outward FDI, its relative importance to host and home economies, the activities and basic financial data of the largest TNCs in and from these economies and the regulatory framework affecting TNCs. The *Directory* aims at becoming a reliable reference book for policy-makers, especially in developing countries, as well as for researchers in academia, government, intergovernmental and non-governmental organizations and the private sector in dealing with FDI and TNC issues.

16. The Division also maintained its databases on the world's 100 largest TNCs and the 50 largest TNCs from the developing economies. These databases provide information on foreign sales, assets and employees by company and industry and include an index of transnationality. The Division also maintained its data bases on bilateral investment treaties and on changes in national FDI legislation.

17. Based on these databases, the Division also published as sales documents a number of studies and reports on various aspects of FDI and TNC activities. Data-oriented studies that drew heavily on the Division's FDI database included the publication on *Foreign Direct Investment in Africa* (Sales No. E.95.II.A.6). This first book-length study on the subject reviews FDI trends in Africa and analyses the differences in FDI performance and potential. An analysis based on an assessment of the actual amounts of FDI flowing to the African countries in light of their performance across the main economic determinants affecting FDI inflows suggests that there is unexploited investment potential in Africa.

Table 1. Number of media reports on WIR 95 and WIR 96,
as of 4 November 1996, by country
(Articles received from UNICs, including radio and TV coverage)

Country or territory	WIR 95	WIR 96	Country or territory	WIR 95	WIR 96
Argentina	2	13	Italy	2	6
Bangladesh	5	17	Japan	5	6
Belgium	4	2	Jordan	2	3
Bolivia	1	3	Kazakhstan	1	..
Brazil	18	10	Kenya	..	3
Bulgaria	4	..	Malaysia	3	8
Burundi	1	..	Mexico	19	22
Canada	1	2	The Netherlands	2	2
Chile	1	6	Pakistan	3	7
China	11	9	Palestine	1	..
Croatia	11	3	Peru	5	5
Czech Republic	2	4	Philippines	4	13
Denmark	1	4	Poland	7	7
Dominican Republic	..	3	Romania	8	..
Egypt	2	3	Singapore	4	1
Estonia	..	2	Slovenia	3	5
Ethiopia	2	..	Spain	..	2
Fed. Rep. of Yugoslavia	1	..	Sweden	3	11
Finland	2	1	Switzerland	5	3
France	5	7	Thailand	2	2
Germany	3	16	Tunisia	..	1
Greece	6	7	United Kingdom	15	11
Hong Kong	1	14	United States	8	11
Hungary	6	..	Uzbekistan	..	4
India	18	24	Zimbabwe	..	1
Indonesia	5	3			

The study also examines the legal framework for FDI and concludes that, while many efforts have been made by African countries during the past decade to increase their attractiveness to foreign investors, more should be done to realize the investment opportunities that exist in Africa. A French version of the study is in press. The study was used as a background document for the Africa-Connect Conference at UNCTAD IX.

18. Other data-oriented studies included a study undertaken jointly with the European Commission (DG1) on European Union FDI in Asia, resulting in a publication entitled *Investing in Asia's Dynamism: European Union Direct Investment in Asia* (published by the European Commission on behalf of the two organizations). The objective of this study was to provide detailed information on European Union investment in Asia, particularly in East and South-East Asia; to build a clearer picture of the motivation behind such activity (or lack of it); and to understand better the specific problems that European Union investors or would-be investors face. The study consists of three parts: the first part describes the current state of European Union FDI in Asia; the second

seeks to explain the performance of European Union firms; the third elaborates a set of policy conclusions for strengthening European Union FDI in Asia. An interim version of this study was presented at a conference organized by the European Commission and UNCTAD on 1 April 1996 in Geneva. This conference drew about 70 participants, mainly from the private sector, including company executives and representatives of business associations.

19. Following this event, the Programme, at the request of the Government of Thailand, carried out a study on Asian FDI in the European Union in 1996, *Sharing Asia's Dynamism: Asian Direct Investment in the European Union*, with the purpose of serving, among other things, as an input into the Asia-Europe Meeting (ASEM) Governments and Private Sector Working Group on "Asia-Europe Investment Promotion in Asia", held in Bangkok on 7-8 July 1996. This study, together with the report on *Investing in Asia's Dynamism: European Union Direct Investment in Asia*, formed the basis of discussions at that meeting.

(c) Studies on issues related to foreign direct investment and transnational corporations

20. Studies examining specific issues related to FDI and TNCs included the study on *Foreign Direct Investment, Trade, Aid and Migration* (Sales No. E.96.II.A.8), undertaken jointly with the International Organization for Migration. The study provides an overview of the trends and the global challenges posed by migration, including pull and push factors, the changing structure of flows and the unpredictability and volatility of movements of people. It explores the nexus of economic development and migration. The study also reviews the general effects of aid on migration and further explores how FDI, trade and aid can address its root causes and can help reduce migration pressures in countries of origin by fostering the kind of economic development, including the creation of job opportunities, that would help potential migrants -- especially poverty-driven migrants -- improve their economic position.

21. During the reporting period, work also continued on the UNDP-funded technical cooperation project on the *Expansion of Foreign Direct Investment and Trade in Services* (EFDITS), undertaken jointly with the World Bank. (Country reports on Uganda and Uruguay were completed, with a view to wider dissemination). The project aims at assisting developing countries to review their policies related to FDI and trade in services and assess the gains that they may derive from opening their services markets to foreign service providers. In 1995 and 1996, work on the EFDITS project was carried out in Thailand.

22. Also in the area of services, the Programme continued its work on the implications of the increased tradability of services for international transactions in services and for the increasing participation of developing countries in those transactions. Due to technological progress in the area of telecommunications and informatics, many here-to-fore non-tradable services are becoming transportable and, hence, tradable, thus increasing the chances of developing countries to become exporters of certain services. Building on the report on the *Tradability of Banking Services* (E.94.II.A:12), published in 1994, work continued in the area of consulting and telecommunications services. Reports on these two industries are currently being finalized and will be published in early 1997.

23. Work also progressed on the project on "Transnational corporations and industrial restructuring in developing countries". The project -- funded by the Government of Denmark -- aims to ascertain the extent to which TNCs are contributing to industrial restructuring in developing countries and, in this manner, increase their competitiveness. Country case studies are nearing completion for four Latin American, two African and two Asian countries.

24. The Division also continued its projects relating to FDI by small and medium-sized enterprises (SMEs). These projects seek to enhance skills of national policy makers in the developing countries in formulating measures and programmes to attract such FDI and to maximize its contribution to development. One project, entitled technical cooperation among developing countries to expand and strengthen the role of FDI by SMEs in the developing countries of Asia, funded by the Government of Japan through UNDP, envisages a regional seminar in China with participation of, among others, Asian least developed countries. For this seminar, a handbook on investment for SMEs is being prepared. The Division is also finalizing two reports: small and medium-sized TNCs and competitiveness and small and medium-sized TNCs in host developing countries: country case studies. These two reports and the handbook will be published in 1997.

25. The Division also published the fifth volume in its environment series, *Self-Regulation of Environmental Management* (Sales No. E.96.II.A.5), which analyses guidelines set by industry associations in the light of recommendations for the conduct of global environmental management as agreed at the 1992 United Nations Conference on Environment and Development. Industry associations were provided an opportunity to comment on the analysis and provide supplementary information on their guidelines. The report shows that there are areas where industry has met or exceeded the recommendations of Agenda 21, particularly in commitments to global environmental management; and areas where industry commitments still lag behind public recommendations, such as in technology transfer and in transparency and reporting. The report thus provides an agenda of areas where industry has shown leadership and where there is still need for improvement. Both areas should be acknowledged and supported by all stakeholders, if the common interest in a sustainable future is to be addressed and achieved. Such an evaluation is timely: 1997 is the fifth anniversary of the UNCED, and a set of meetings will be held by governments, non-governmental organizations and by business, seeking to evaluate progress in all sectors towards sustainable development.

26. The Programme also brought out a publication, *Transnational Corporations and World Development* (published by International Thomson Business Press on behalf of UNCTAD), bringing together in a single volume the stand-alone introductory articles from the United Nations Library on Transnational Corporations series, with a view towards their wider dissemination. Each article discusses a major aspect of TNCs, its evolution, the key issues in the light of today's world, and matters requiring attention in the future. And, finally, the proceedings of the conference on "Transnational Corporations in Globalizing World Economy", held in China in November 1995, were published in Chinese.

27. In 1995-1996, the Division published volumes IV (Nos. 1, 2 and 3) and V (Nos. 1 and 2) of the journal *Transnational Corporations*, a refereed journal whose objective is to disseminate original policy-oriented research on FDI and TNC-related issues. A number of leading academic researchers and experts in the field contribute to the journal. A compilation of articles, entitled *Companies without Borders: Transnational Corporations in the 1990s*, bringing together key articles on TNCs which had previously appeared in the journal *Transnational Corporations*, was also published (by International Thomson Press on behalf of UNCTAD, 1995) with a view to making them available to a wider audience. An even larger audience is being reached by the Division's newsletter *Transnationals: Investment - Technology - Enterprise*, of which volume 8 (Nos. 1, 2 and 3) and volume 9 (Nos. 1 and 2) were published and disseminated widely.

(d) Investment policy issues

28. In a number of areas, the Division carried its work forward to the policy field, especially as far as investment policy issues are concerned. Publications during the reporting period included the study on *Incentives and Foreign Direct Investment* (Sales No. E.96.II.A.6), which contributes to the

on-going debate on the usefulness and effects of FDI incentives. The study contains one of the most comprehensive analysis of the facts, theory and effects of FDI incentives to date. Efforts to influence the locational decisions of TNCs have led many governments to offer incentives to attract investment from other countries. The study reviews the definition and main types of FDI incentives and surveys the incentives programmes of over 100 countries from all regions. It discusses the incentives competition that exists among countries and the role of incentives in influencing the location of FDI, it analyzes international experience in dealing with FDI incentives and proposes an action programme for future activities in this area, including initiatives at the international level.

29. Another publication, entitled *International Investment Instruments: A Compendium* (Sales No. E. 95.II.A.12; 3 volumes) brings together, for the first time, the most important international instruments dealing with FDI and TNCs. The collection reproduces the texts of over 80 normative instruments; it also includes a selection of prototypes of bilateral investment treaties and key instruments prepared by professional organizations, business and other groups of civil society. The *Compendium* is introduced by an analytical essay on "The evolving international framework for foreign direct investment" which reviews the investment instruments contained in the *Compendium* to place them in context and identify the main issues they address. The *Compendium* is meant to serve as a tool for policy makers and negotiators dealing with FDI issues.

30. During the reporting period, the Division organized two seminars for delegations to UNCTAD and the WTO in October 1995 and February 1996, respectively. With delegations in Geneva devoting increasing attention to FDI matters, the objective of the seminars was to update delegations on current issues related to FDI and TNCs, and to contribute to analysis and consensus-building in this area. To this end, the seminars -- both held in Divonne-les-Bains, France -- reviewed trends, impact and policy issues related to foreign direct investment and transnational corporations, including issues related to the elaboration of international investment instruments (box 1).

31. In 1996, the Programme was assigned the responsibility for organizing UNCTAD's Global Investment Forum, as a segment for high-level participation, on 10 October 1996, of the Trade and Development Board. The Forum provided an informal setting in which a large number of high level participants from governments, business and non-governmental agencies discussed a wide-range of issues relating to FDI and development in a globalizing world economy (box 2). As background documentation for the Investment Forum, the Programme prepared a report on "Current international arrangements governing FDI" (TD/B/43/5).

(e) Activities of the Joint Units with the Regional Commissions

32. The Joint ECLAC/UNCTAD unit continued its work on *El directorio sobre inversión extranjera in América Latina y el Caribe: marco legal e información estadística* (Directory of FDI in Latin America and the Caribbean: legal framework and statistical information). This publication was first published in 1993; the second edition (with an expanded scope to include portfolio and non-equity investment) is scheduled to be published in 1997. Through its work on the annual publication of the *Informe de la inversión extranjera en América Latina y el Caribe* and through other research inputs and organizational assistance, the unit also cooperated with the Division's work on the *World Investment Directory* and the *World Investment Report*, including the launching of the latter publication.

Box 1. Seminars on "Foreign direct investment in a globalizing world economy"
 Divonne I, 24 October 1995, Divonne II, 12 February 1996

The objective of these seminars was to familiarize delegations in Geneva with current issues related to FDI and TNCs, and to contribute to analysis and consensus-building in this area. The seminars reviewed trends, impact and policy issues.

The speakers and commentators at the seminars were selected from among representatives of the business community and academia with long and distinguished experience on FDI issues. To assist with the discussions, the Secretariat had put together a package of 22 background documents dealing with the main issues under discussion. To encourage open discussion, the seminars' proceedings were off the record.

The seminars were intended for delegates of countries to UNCTAD and the World Trade Organization. All delegations to these two bodies were invited, as were representatives from the business community, trade unions and international organizations.

The first seminar (Divonne I) was attended by 89 participants. Thirty-four participants came from 26 developing-country missions, 24 from 17 developed-country missions, six from six missions of economies in transition, 10 from business, labour unions and academia, four from international organizations, and 11 from the UNCTAD Secretariat. The participants included 15 ambassadors. Three participants came from capitals. Given the large number of delegations that expressed interest in the Divonne I seminar but could not be accommodated, UNCTAD organized a second seminar. Divonne II was attended by 113 participants. Thirty-eight participants were from 32 developing-country missions, 28 from 17 developed-country missions, three from three missions of economies in transition, nine from business and academia, seven from capitals, 11 from international organizations, and 17 from the UNCTAD Secretariat. The participants included 20 ambassadors. Divonne II included a luncheon address by the Director-General of the World Trade Organization who also answered questions from the floor.

In their written evaluation of the seminars, a large proportion of the participants gave top marks in terms of imparting information and strengthening understanding of issues related to the participants' official duties. The questionnaire confirmed the great interest shown during the seminars on matters related to international arrangements for foreign direct investment. During the first seminar, the Ambassador of Singapore, in his capacity as Chairperson of the General Council of the World Trade Organization, expressed his satisfaction with the seminar and called it a good example of the working relationship between the World Trade Organization and UNCTAD.

33. The Joint ECA/UNCTAD Unit produced "La Création d'entreprises Multinationales Africaines de Production: Le Cas des Industries Chimiques du Sénégal" (ECA/UNCTAD/19). The study reviews the activities of a chemical group from Senegal which extended its production in neighbouring countries. It discusses the advantages obtained in financing the expansion of production capacities and obstacles found with regards to management and commercial aspects. The Joint Unit also issued "The role of small and medium-sized TNCs in selected African countries: the case of Botswana" (E/ECA/UNCTAD/23), a report that reviews the general characteristics of small and medium-sized enterprises in the national economy and examines the contributions to the host country in selected areas such as technology transfer, human resource development and market structure. The study outlines the policy options to promote FDI by small and medium-sized TNCs in Botswana and suggests special measures to support the role and potential of the small-scale sector of Botswana in international trade.

34. The ESCAP/UNCTAD Joint Unit was primarily involved in updating data for the *World Investment Directory* (data collection for 10 countries in Asia, as an integral part of the efforts to rebuild a comprehensive database on FDI); and other assistance to UNCTAD-DTCI (inputs were provided for the *World Investment Reports* on investment in Asia). Furthermore, the Unit worked on foreign investment in emerging equity markets of Asia (a series of seven country papers); competitive business strategies by transnational corporations from

Asian developing countries (a series of four or five country papers); implications of investment protection (a series of three country papers); and the impact of TNCs on human resource development.

Box 2. UNCTAD's Global Investment Forum

The segment for high-level participation of the 43rd session of the Trade and Development Board, held in Geneva on 10 October 1996, focused on the following three items:

1. Trends in foreign direct investment (FDI), in particular to the least developed countries; their determinants and impediments; and policy implications for the promotion of FDI.
2. Interrelationships between investment, trade and technology, and implications for development.
3. Examination and review of existing agreements, and the identification and analysis of issues relevant to a possible multilateral framework on investment and implications for development.

Some 300 participants from government, business, non-governmental organizations, the trade union movement, academia and the civil society at large participated in the event, including ministers of trade and industry from developing countries, senior officials from intergovernmental organizations, and top executives from transnational corporations.

Participants paid tribute to the Secretary-General of UNCTAD for providing an unprecedented opportunity for people from different backgrounds and perspectives to interact on this very important issue at a critical time, two months ahead of the Ministerial Conference of the World Trade Organization (WTO) in Singapore.

The UNCTAD Global Investment Forum, which was chaired by Mr. Alec Erwin, Minister of Trade and Industry of South Africa and President of UNCTAD IX, underlined the importance of the FDI issue. In fact, more than at UNCTAD IX, delegates emphasized that UNCTAD needs to undertake further work in this area. Emphasis was placed on the need for greater understanding of issues related to international investment arrangements and policy advice related to it. The Chairman hailed the Forum a "success", noting that it had provided "lucid inputs" in the international debate on the critical and controversial issue of a possible multilateral investment arrangement.

B. Science and technology for development

35. During the reporting period, the Programme for Science and Technology (DST) concentrated its work on implementing the recommendations adopted by the Ad Hoc Working Group on the Interrelationship between Investment and Technology Transfer (1992-1994) and more recently the decisions of UNCTAD IX, and servicing the United Nations Commission on Science and Technology for Development.

36. In line with the recommendations of the Ad Hoc Working Group, the Programme organized in Geneva, in April 1995, a Workshop on Selected Cooperation Aspects for Technological Capacity-building in Developing Countries. This event was held with the participation and financial support of the Department of Trade and Industry (Technology Partnership Initiative) and the Overseas Development Administration of the United Kingdom. The Workshop was part of a series of events to address different policy-related aspects of technological innovation in developing countries, including industrial districts (1992), the transfer and development of environmentally sound technologies (1993) and university-enterprise cooperation (1993, 1994). The Workshop discussed and made recommendations on ways and means of fostering technological capacity-building in the LDCs and technology partnerships both in the context of North-South and South-South cooperation.

37. With regard to technological capacity-building in particular in LDCs, the workshop made policy recommendations concerning the need for the improvement of investment conditions, the introduction of applied and user-oriented forums of R&D, and the involvement of various economic actors in the policy-making

process. It also recommended, *inter alia.*, the restructuring of the educational and vocational training systems in these countries and stressed the need for proactive action to enable enterprises in developing countries to gain easy access to information on available technologies and for networking. On the basis of the material presented at the workshop the secretariat prepared a publication *Technological capacity-building and technological partnership: field findings, country experiences and programmes.*

38. To further explore the possibilities of developing inter-firm cooperation, the Programme organized in Helsinki, in April 1996, with the financial support of the Ministry of Trade and Industry of Finland, a Meeting of Experts on Technology partnership for capacity-building and Competitiveness. This Meeting was held in the context of pre-UNCTAD IX activities and its report was submitted to the Conference at Midrand. (*Technology partnership for capacity-building and competitiveness, UNCTAD IX/Misc.5*). A comprehensive publication manual *Exchanging experiences of technology partnership* was prepared by the secretariat on the basis of materials presented at the Expert meeting.

39. Comprehensive research on other different aspects of technological capability-building and international technological cooperation was undertaken which resulted in the publication of a number of studies in the Science and Technology Issues Series in 1995. The series covered studies on environmental imperatives for the international transfer of technology *Do environmental imperatives present novel problems and opportunities for the international transfer of technology?*; and a review of policies for promoting the transfer and use of environmentally sound technology entitled *Policies for Promoting the Use of Environmentally Sound Technologies*. With regard to the form, the study showed that technologies which are likely to improve environmental sustainability are not likely to differ from other forms of "optimal technology". As a category, they are likely to be neither more expensive, nor more complex and hence more difficult to transfer. The "environmental tag" underlines the importance of quality and not just the quantity or price of the transfer package.

40. As regards policies for promoting the use of environmentally sound technologies (EST), the review pointed to the extensive list of measures that affect adoption of ESTs. It covered for example the role of tax incentives and disincentives, information clearing-houses and technology transfer agencies, environmental regulations, trade-related measures, including tariffs and export restrictions on environmentally hazardous technologies, tradeable emission permits, mechanisms for transferring patent rights to improve the access of developing countries to ESTs.

41. Other studies completed during the reporting period are entitled *Science and technology in the new global environment: implications for developing countries; Emerging forms of technological cooperation: the case for technology partnerships; and New technologies and technological capability-building at the enterprise level: some policy implications*. This last study shows that, while the emergence of new technologies creates new challenges, it also opens up new windows of opportunities for late-comers to industrialization. To be able to take advantage of these opportunities, enterprises from developing countries and economies in transition need to build up capabilities to define "niches" and integrate themselves within the global business networks. Other policy conclusions are also drawn for different types of developing countries taking into account differences among them in the capacity to apply, use and absorb technologies. Research undertaken with the Division also included a study on the implications of the new arrangements on trade-related aspects of intellectual property rights particularly, opportunities for attracting investment and new technologies, and a review of the literature on the evolution of thought on technological development processes and competitiveness.

42. As the focal point in the United Nations for the Advanced Technology Assessment System (ATAS), the secretariat continued the preparation of the ATAS

bulletin (the tenth issue), dealing with information technology for development. It was published in 1995 with financial support from the European Commission and the International Development Research Centre (Canada). The publication contains a number of papers dealing with different aspects of information technology (IT) including trends in the diffusion and utilization of this technology, social issues and requirements, development trends in IT and experiences of selected developed and developing countries and of the United Nations System in the application of information technology.

43. A number of other studies have also been prepared and should be published shortly, (including a study on technological capability in Asia: building an export success). *Technological Capability-Building and Export Success: Case studies from Asia* (Routledge 1997) is the outcome of a multi-year study of textile and garment and electronics firms in Indonesia, Korea, Malaysia, Taiwan Province of China, Thailand and Viet Nam, supported by the SAREC. It illustrates the diversity of paths firms have taken in building technological capabilities and the importance of government policies in promoting this process.

44. A second study was commissioned by WIPO on implications of the implementation of the TRIPS Agreement for developing countries. The main thrust of this report is that developing countries should be aware of the implications of the Agreement so that they would be able to structure their intellectual property rights (IPRs) systems, including the implementation of TRIPS, in a way that enhances dynamic competition and is consistent with their development objectives.

45. The work of the Commission on Science and Technology for Development during the first inter-sessional period (1993-1995) was organized through panels/working groups, comprised of members of the Commission, and backstopped by the secretariat, which considered selective substantive themes of interest and relevance to endogenous capacity-building in developing countries. The themes included: technology for small-scale economic activities to address the basic needs of low-income populations; the gender implications of science and technology for developing countries; and the contribution of science and technology to an integrated approach to land management. The work on basic needs, gender and land management was intended, respectively, as inputs to the World Summit for Social Development (Copenhagen, 1995), the Fourth World Conference on Women (Beijing, 1995) and to the deliberations of the Commission on Sustainable Development at its third session (1995) in relation to chapter 10 of Agenda 21. During the 1993-1995 inter-sessional period, the Commission also undertook, through an ad hoc panel, work on linkages between the national research and development (R&D) systems and industrial sectors of developing countries and countries in transition, and prepared a report identifying measures necessary to strengthen linkages between national R&D systems and productive sectors. Reports were also prepared on information technologies and on scientific and technological aspects of the conversion of military capacities.

46. The report on information technology identified a number of issues for further consideration. Among them is the social impact of information technology including its effects on employment and the skill and gender composition as well as the organization of skilled and unskilled labour in the work place. It also raised questions concerning the institutional and infrastructural requirements for the diffusion of information technology in developing countries, the legal implications of diffusion and the policy approaches that may be considered by developing countries towards this end.

47. The report on the conversion of military capacities, placed primary emphasis on the conversion of military research and development (R&D). It focused in particular on the potential for the development of environmentally sound technologies, and research into ways of halting environmental degradation in different parts of the developing world.

48. At its second session in May 1995, the Commission on Science and Technology for Development examined the findings of the above inter-sessional activities and formulated relevant recommendations on follow-up work. The Commission decided that the main substantive theme for its inter-sessional work in 1995-1997 will be information technologies and their implications for development. As part of this process it sets up panels and/or working groups to analyse, elaborate and make recommendations on such issues.

49. Pursuant to the Commission's recommendation, endorsed in July 1995 by the Economic and Social Council, the Bureau of the Commission, with backstopping from the UNCTAD secretariat, planned the activities of the Working Group on Information Technology (IT) and Development. The first session of the Working Group was held in Cartagena de Indias, Colombia, in January-February 1996, with financial support from the Government of Colombia. The meeting addressed several key issues in the area of IT and development including access of developing countries and economies in transition to IT through, among other means, network connection, in particular the INTERNET, and interrelationships between the National Information Infrastructure and the Global Information Infrastructure. The meeting also considered the social and economic effects of IT and the implications for developing countries and economies in transition as well as the effects of intellectual property rights on the transfer and diffusion of IT. The final meeting of the Working Group will produce the report of the Group for presentation to the third session of the Commission on Science and Technology for Development (May 1997) tentatively scheduled for January 1997.

50. The second session also requested the Commission on Science and Technology for Development and UNCTAD to liaise in establishing a programme of country reviews on science, technology and innovation policy for interested countries. UNCTAD IX, at which a special background note on such reviews was submitted by the secretariat, also took the decision of undertaking reviews with interested countries in order to identify options for national action, especially those which foster technological capability and innovation and the transfer and diffusion of technology. The reviews are designed to examine the generation, diffusion and use of technology and technical knowledge in a particular country and trigger the process of building national systems of innovation, that is, the national institutions, policies and incentive structures that support the process of technological development and innovation. The reviews assess the role of various actors in the economy including government and the business sector in strengthening the workings of the national systems of innovation and promoting a greater degree of technological change and innovation at the enterprise level. A first review is currently being carried out in Colombia with considerable support from the Colombian government. Several other countries have manifested their interest in participating in the review exercise and it is expected that two more reviews will be undertaken in 1997.

51. Further to the Commission's recommendations, the Bureau of the Commission, with backstopping from the secretariat, is considering ways and means of taking advantage of the twentieth anniversary of the Vienna Conference on Science and Technology for Development for the formulation of a common vision for the future contribution of science and technology for development. A note on this issue is being prepared by the secretariat for the third session of the Commission to be held in May 1997 with a view to their future work programme, the Bureau of the Commission has also requested that the secretariat prepare a note on energy technology.

C. Advisory Services on Investment and Technology

52. During the reporting period, the Advisory Services on Investment and Technology (ASIT) carried out advisory and training activities related to the following technical assistance programmes:

- FORINVEST: Policy Framework for Attracting Foreign Investment;
- TRANSACT: Negotiating International Business Arrangements;

- STAMP: Strengthening/Streamlining Agencies Concerned with Monitoring and Promoting FDI;
- COMSAT: Commercialization of Science and Technology; and
- EMPRETEC: Entrepreneurship Development.

Table 2 below shows which countries and regions were provided with technical assistance under these 5 programmes. Some of the projects which are being carried out in the context of these programmes are on-going and will continue well into 1997.

53. The majority of the technical assistance activities described below were funded by UNDP. As in previous years, some activities were undertaken in collaboration with other United Nations agencies, such as UNIDO, and the World Bank. While activities financed by the General Trust Fund on Transnational Corporations constituted a large component of ASIT's technical assistance in the past, a much lower number of activities can now be funded by this source since contributions remain relatively low. This, combined with a relatively low level of staff, limits ASIT's ability to react swiftly and effectively to requests for technical assistance, particularly by least developing countries which have tended to benefit most from the availability of Trust Fund resources. A summary of the General Trust Fund contributions and disbursements by country and activity between January 1995 and September 1996 is provided in annexes II and III.

54. The following provides an overview of ASIT's technical assistance programmes along with selected examples of activities that were carried out within each programme:

(a) **FORINVEST: Policy Framework for Attracting Foreign Investment**

55. More and more developing countries are seeking investment by TNCs. The objectives are many: external capital/foreign exchange, exports, employment and training, technology and management, and marketing skills. FORINVEST assists developing countries in strengthening their capacity to create and manage the policy and conditions in which foreign investment and international business can thrive. This is achieved by providing advisory services and training packages related to: investment policy, investment codes and sectoral policies governing the participation of transnational corporations in specific sectors. During the reporting period, components of the FORINVEST programme were implemented in the countries listed in box 3 below.

(b) **TRANSACT: Negotiating International Business Arrangements**

56. Successful agreements in today's complex international business environment require a command of innovative financial techniques and sophisticated legal and fiscal structures, as well as expertise in a variety of other disciplines. Transnational corporations show a marked preference for negotiating and entering into agreements with governments on an informed basis. TRANSACT assists governments in tackling the whole range of issues that arise in their negotiations with foreign investors, especially transnational corporations. This is achieved by providing advisory services and training packages related to investment projects, sectoral regimes, construction contracts, joint ventures, as well as to related technology transfer, finance and taxation issues. It is important to note that under this programme, ASIT does not take any positions of its own and is not directly involved in the negotiations. Rather, the advisory and training services are provided to the government negotiating team which is involved in direct negotiations with TNCs. During the reporting period, components of the TRANSACT programme were implemented in the countries listed in box 4 and table 2 below.

Table 2. Member economies and regions that benefited ASIT's technical assistance programmes.
(January 1995 - September 1996)

FORINVEST Policy Framework for Attracting Foreign Investment	TRANSACT Negotiating International Business Arrangements	STAMP Strengthening/Streamlining g Agencies Concerned with Monitoring and Promoting FDI	COMSAT Commercialization of Science and Technology	EMPRETEC * Entrepreneurship and SME Development
Albania Algeria Bangladesh Belarus Bolivia Cameroon Colombia Eritrea Ghana Haiti India Kazakhstan Kenya Lebanon Mali Moldova Pakistan Palestine Panama Romania Sao Tome & Principe South Africa United Arab Emirates Regional/Interregio <u>nal Activities</u> Africa Connect ASEAN CARICOM Group of 16 SOPAC	Azerbaijan China Eritrea Fiji Liberia Malaysia Oman Russian Federation Tanzania (Zanzibar) Uzbekistan	Albania Bangladesh Cameroon Colombia Ethiopia Haiti India Kazakhstan Kenya Malaysia Mali Pakistan Palestine Panama Philippines Thailand United Arab Emirates <u>Regional/Interregional</u> <u>Activities:</u> Africa Connect Location Asia-Pacific WAIPA	Belarus Kazakhstan Uzbekistan	Argentina Bolivia Brazil Chile Colombia Ethiopia Ghana Nigeria Pakistan (under preparation) Paraguay (under preparation) Peru Philippines (under preparation) Uruguay Venezuela Viet Nam (under preparation) Zimbabwe <u>Regional/Interregional</u> <u>Activities</u> Caribbean (under preparation) Central America (under prepar.)

* In cooperation with DDSMS.

Box 3. Selected FORINVEST activities

- ◆ **Africa Connect:** In May 1996, ASIT organised the AFRICA CONNECT International Business Conference in Midrand, South Africa in cooperation with the South Africa Committee of the International Chamber of Commerce in which some 500 participants attended from Africa, Asia, Europe and North America. The Conference benefited from the participation of representatives of small and medium firms from Africa; African Investment Promotion Agencies, Chambers of Commerce and Manufacturer's Associations; firms involved in the services, manufacturing and industrial sectors from Europe and Asia; senior Government officials including the Minister of External Cooperation of France; and representatives of non-governmental and inter-governmental organisations including the Commissioner in Charge of External Relations of the European Union. The Conference succeeded in highlighting the enormous business potential which exists in Africa and offered the opportunity for businessmen to network and discuss potential business arrangements and allowed senior policy-makers to discuss and interact with representatives of the private sector in an effort to developing greater public-private sector cooperation in the promotion of business and investment in Africa. The Conference has sensitised the international community and has since given rise to initiatives aimed at drawing greater attention to the improved business climate in Africa, and hence, the improved prospects for regional and international firms to benefit from existing opportunities. Among those initiatives is the Johannesburg Declaration which embodies the commitment of the international business community, governments and the United Nations to endeavour to promote business on the Continent.

- ◆ **ASEAN Secretariat:** Upon the request of the ASEAN Secretariat, ASIT organized a workshop entitled "International Investment Scenario and International Business Practices" for ASEAN investment policy-making officials. The workshop was held in Manila from 23 to 25 September 1996. It was attended by three officials from each of the seven ASEAN member states and two officials from the two countries with observer status.

- ◆ **Bolivia:** Technical assistance was provided to the Government of Bolivia, on how to design and implement a strategy to develop international competitive advantages. Specific sectors and products were identified. The role of Government in this process was examined, and specific recommendations were made to build the national capacity to increase the competitiveness of Bolivian goods and services in international markets, and to market Bolivia as an investment location for foreign companies.

- ◆ **Kazakhstan:** In January/February 1995 and January 1996, joint United Nations/Government missions, led by ASIT, visited several large enterprises located in company towns in Kazakhstan to identify the huge economic and social problems related to the transitional period and the breakdown of the former economic system. The joint missions included experts from UNCTAD, UNIDO, ILO, UNV, EBRD and ADB as well as from the Kazakh Government. The approach adapted at the donor roundtable following the first mission considers restructuring of the large enterprises and the creation of new employment in the company towns as of utmost importance. Consequently, the Government created an inter-ministerial Committee headed by the Minister of Economy to manage the restructuring of large industrial enterprises and the rehabilitation of Kazakhstan's company towns, a process which is being actively supported by both UNCTAD and UNIDO.

- ◆ **Moldova:** Assistance was provided to the Government to formulate and implement a strategy for economic development based on competitive advantages. The national economy was analysed within the framework of the global economy. Economic activities with potential for success in international markets were identified. Recommendations for the implementation of a programme to develop these activities were provided.

/...

(Box 3, cont'd)

- ♦ **Sao Tome & Principe:** ASIT continued to implement a series of activities relating to providing assistance to the Government in the development of an improved legal and fiscal framework for investment. 1996 - 1997 activities include the development of implementing legislation for investment laws developed by ASIT and subsequently adopted into decrees by the Government as well as a review of all laws and regulations affecting, directly or indirectly, investment and international business transactions.
- ♦ **South Africa:** The Government of South Africa received substantive assistance in organizing and conducting the "President's Conference on Small, Medium and Micro Enterprises" (SMMEs), which took place in March 1995. This highly successful Conference, involving 2,000 participants from small and big businesses, NGO's, international donor agencies, foreign governments and the South African government, mobilized broad-based support for the Government's White Paper on SMME development and helped formulate the National Programme of Action on Small Business Development in South Africa.
- ♦ **West Bank and Gaza Strip:** At the request of Palestinian Authority and UNDP, ASIT undertook a number of missions in 1995 and 1996 - including a World Bank-organized inter-agency mission - to the West Bank and Gaza Strip (WBGs) aimed at providing advice on, and formulating a comprehensive programme of technical assistance relating to investment policies and strategies. ASIT has subsequently been requested by UNDP to begin, towards the end of 1996, with the implementation a project entitled "The Development of an Industrial Estate in Nablus: Project Feasibility, Implementation Strategy and Environmental Impact". Furthermore, ASIT is expected to participate in the implementation of the World Bank Industrial Estates Programme pertaining to the policy and regulatory options, implications and institutional capacity regarding the foreign investment regime in general, as well as regimes of exception, in the WBGs.

Box 4. Selected TRANSACT activities

- ♦ **Azerbaijan:** In March 1995, a workshop on "Negotiating with Transnational Corporations and Structuring of Joint Ventures" was carried out for government officials and representatives of the private and public sector.
- ♦ **Eritrea:** The Ministry of Energy, Mining and Water Resources of Eritrea received assistance through a training programme in petroleum economics and petroleum fiscal systems and received the latest software in this area. Advisory services were provided in the drafting of a model mining contract and the ministry was also assisted in the procurement of scientific equipment to carry out basic research activities in the department of mines. A study tour to Zimbabwe was organized for two experts from the Ministry of Energy, Mining and Water Resources to allow them to participate in a Conference on the Application of Remotely Sensed Data and Geographic Information Systems (GIS) in Africa.
- ♦ **Oman:** At the request of the Government of the Sultanate of Oman, a policy options paper concerning the mining sector was prepared by ASIT. As a result - and following a mission to Oman in early 1996 - ASIT has been asked to implement a technical assistance programme which will modernize Oman's Law on Mining and the related regulations and fiscal regime and will make available model contracts and licenses for the mining sector. In the context of this project, ASIT has also provided the Government with advice on a mining contract with a transnational mining company.
- ♦ **Russia:** A workshop "Negotiating with Transnational Corporations and Structuring of Joint Ventures" was held in Murmansk in August 1996. The workshop was attended by some twenty managers of private and public enterprises and officials of the Murmansk Region. In order to further support the efforts of the Murmansk Regional Administration in promoting the region vis-à-vis foreign investors, the remaining project funds will be used to permit the administration to participate in an exhibition in Paris in the end of October 1996.

(c) STAMP: Strengthening/Streamlining Agencies concerned with Monitoring and Promoting FDI

57. In an environment of increasing liberalization, countries have been adopting a very pro-active policy of maximizing foreign investment flows, subject to the terms and conditions that prevail in a given environment. STAMP assists developing countries and economies in transition - in strengthening their investment institutions, in streamlining their modes of operation and approval processes, in monitoring the quantity, quality and impact of inflows and in promoting their host country as attractive locations. This is achieved by providing advisory services and training packages related to:

- setting up an investment promotion agency from scratch or to clarifying the identity, role and powers of existing institutions;
- establishing effective 'one-stop' agencies;
- procedures and practices that could be employed in encouraging and evaluating foreign investment inflows;
- the development of an information system capability to both effectively register/record inflows and to assess the impact on employment, taxation, balance of payments, training and technological development, backward and forward linkages; and
- setting up information systems, organizing promotional visits and promotional material (including brochures) and arranging investment roundtables.

During the reporting period, components of the STAMP programme were implemented in the countries and regions listed in table 2. An increasing effort has been made, moreover, to focus on the regional and global cooperation of investment promotion agencies. Among the most notable initiatives in this regard is the World Association of Investment Promotion Agencies (WAIPA) (see the description in box 5).

(d) COMSAT: Commercialization of Science and Technology

58. Research and development in science and technology play a key role in determining a firm's competitiveness and the commercial life of its products and services. Many transitional economies possess considerable scientific and technological capacity which could be, and in some cases is already being, developed and commercialized. However, the process of securing financing for R&D purposes, protecting the intellectual property that results from such research, and effectively linking the R&D activities with industry have proven difficult in the new market-oriented environment. Equally difficult has been the process of licensing this technology abroad or forming joint venture arrangements with foreign partners. COMSAT assists transitional economies (and developing countries) in strengthening their existing scientific and technological structures and institutions, and to assist in marketing related products and services internationally. This is achieved by focussing on the following activities: prioritization of those areas in which science and technology-related products and services are likely to have a comparative international advantage, training private sector managers and government officials, establishment of international linkages, commercialization of domestically-developed technology, development of marketing skills and strategies, and encouragement of R&D linkages. During the reporting period, components of the COMSAT programme were implemented in the countries listed in box 6 below.

(e) EMPRETEC: Entrepreneurship and SME development

59. Entrepreneurs establish and develop enterprises, which contributes to the creation of jobs. Increasing the number of entrepreneurs in developing countries can provide the impetus for a vigorous developmental process, which generates a dynamic business environment with a multitude of new employment opportunities. In many cases, however, market imperfections work against small and medium-size enterprises (SMEs), inhibiting the emergence of entrepreneurs and the growth of

Box 5. Selected STAMP activities

- ◆ **Albania:** Assistance was provided to the Government of Albania through the organization of study tours to Belgium, Ireland; Italy, Hungary and Poland. Senior staff of the Albanian Centre for Foreign Investment Promotion (ACFIP) and other government institutions dealing with foreign investment benefitted from these training activities as well as from in-house training courses at ACFIP. The Centre was assisted in computerizing its investment registration and monitoring system, procurement of office equipment and in carrying out financial analysis studies of 16 investment projects in Albania. In addition, three sector analysis studies are being carried out in preparation of an International Conference on Foreign Investment in Albania. Support was also given to the publication of an Albania Report in a major international corporate investment journal and in organizing investment promotion missions by high level government officials to Austria, Italy and Switzerland.
- ◆ **Pakistan:** At the request of Pakistan's Board of Investment (BOI), two missions were fielded to Pakistan to develop a programme of technical assistance focussing, among other issues, on strengthening BOI's institutional mechanisms and to (a) optimize the know-how of its personnel in promoting, targeting, facilitating and monitoring the investment process and (b) provide feedback on the effectiveness of policies, institutions and programmes directly affecting investment in Pakistan. Different technical assistance strategies were analysed with senior BOI staff in the context of a workshop which was carried out by ASIT and resulted in the formulation of a project document which is expected to be implemented in 1997.
- ◆ **World Association of Investment Promotion Agencies (WAIPA):** In April 1995, a High-Level Meeting of Investment Promotion Agencies (IPAs) was organized in Geneva parallel to the meeting of the Commission on International Investment and Transnational Corporations. This global meeting was attended by representatives of 60 IPAs, who exchanged experiences and information on attracting inward investment. The 3-day event included meetings with representatives of the Swiss business community and transnational corporations. At this IPA gathering, it was decided to establish WAIPA and to appoint a Working Group of 15 IPAs to prepare the guidelines for the functioning of WAIPA. Assistance was given to the Philippines' Board of Investments in organizing the first WAIPA Working Group meeting in Manila. The Manila meeting agreed on a Statute for WAIPA, which was sent to all IPAs. The first WAIPA newsletter, produced with the assistance of UNCTAD and UNIDO, was issued in November 1995.
- ◆ The third day of the **Africa Connect** Conference (see box 3) was devoted to *Best Practices in Investment Promotion* and was attended by IPA officials from throughout Africa. One of the achievements of the Conference was the establishment of an African Chapter of WAIPA. An Asia and Pacific Chapter of WAIPA was founded at the end of a regional workshop entitled *Location Asia-Pacific* which was organized in cooperation with the Philippines Board of Investment and took place in September 1996. This 3-day workshop in Manila, in which IPA officials from 14 countries in Asia and the Pacific participated, dealt with a variety of subjects relevant to policy makers.

SMEs. An appropriate enabling environment and programmes are needed (i) to mobilize entrepreneurs and to help them launch and develop their business ventures; and (ii) to enhance recognition of the opportunities for mutually beneficial collaboration between domestic SMEs and TNCs, as well as to assist them in concluding mutually beneficial cooperation arrangements.

60. EMPRETEC, which is implemented in cooperation with the United Nations Department for Development Support and Management Services (DDSMS), aims at stimulating employment-creation investment, technology transfer and exports through development of indigenous entrepreneurs and innovative SMEs. A coalition of public officials, entrepreneurs, corporate managers, bankers and executives of transnational corporations facilitates the access of SMEs to the skills, technology, opportunities, training and information necessary to help them

Box 6. Selected COMSAT activities

- ◆ **Belarus:** The implementation of an action plan, submitted by ASIT in 1994, to build Belarus' capacity to commercialize science and technology internationally in a competitive and sustainable manner began in 1995. Preparations were made for a slew of advisory and training activities, the first of which were carried out in early February 1996. Advisory activities focused on evaluating the products and services of science and technology, from both technological and marketing perspectives. Training was aimed at strategic planning, marketing and promotion, finance, intellectual property protection and international negotiation. Furthermore, over 100 technologies were evaluated from both technical and market perspectives. 20 technologies were chosen to be the subject of business plans and market research efforts. A second round of customized training will take place in November 1996, to draft the business plans.
- ◆ **Uzbekistan:** To follow up on technical assistance delivered in 1994, ASIT sent a mission to Tashkent to discuss the findings and recommendations of a report submitted then. The report provided a diagnosis of the science and technology sector, identifying areas of expertise, products and ideas with quality technological expertise and market potential. It included recommendations for national capacity building to commercialize science and technology internationally in a competitive and sustainable manner. An action plan and two project documents were submitted.

realize their objectives, expand their activities and establish productive, stable linkages with foreign companies. This is achieved by focussing on the selection of promising entrepreneurs, entrepreneurship training workshops, assistance in enterprise creation, provision of business support, and the establishment of an entrepreneurs' network.

61. The programme aims to be self-sustainable at the end of UNCTAD's typical four-year involvement. The EMPRETEC projects in Argentina, Brazil, Chile, Ghana, Nigeria, and Uruguay are now self-sustaining. In Africa, UNCTAD is implementing the project in Zimbabwe and DDSMS the project in Ethiopia. During the reporting period, over 1,500 new participants were trained while more than 5,000 participating entrepreneurs continue to make use of EMPRETEC's training and networking facilities. EMPRETEC is operational or soon to be initiated in the countries listed in box 7 below. Other projects will be undertaken as part of a major new initiative to regionalize enterprise development in Africa that will be launched by the Regional Bureau for Africa in 1997 within the framework of UNDP's Sixth programming cycle.

62. The technical assistance programmes and specific activities that were previously implemented by ASIT are now adjusted to new circumstances. For example, the technology component of ASIT's core technical assistance programmes is expected to be further strengthened in view of the merger of UNCTAD's Division on Transnational Corporations and Investment and the Division for Science and Technology. The new Division will thus continue to provide advisory services on investment and technology, taking forward the acronym ASIT which has come to be associated with UNCTAD's technical assistance expertise in the areas of investment and technology and with international initiatives such as WAIPA and Africa Connect which, along with the multitude of country-specific projects, will be developed further over the coming year.

D. Privatization, entrepreneurship and competitiveness

63. During the reporting period, the subprogramme on Privatization, Entrepreneurship and Competitiveness was responsible, among others, for the substantive servicing of the two sessions of the Ad Hoc Working Group on the Role of Enterprises in Development which successfully completed its work programme by making a number of recommendations, including the recommendation that technical co-operation in the field of SMEs be continued and strengthened.

Box 7. Selected EMPRETEC activities

- ◆ **Zimbabwe:** In 1995/1996, 210 entrepreneurs benefitted from the entrepreneurship workshops in Zimbabwe. To date over 400 entrepreneurs have been trained (some 42% women), including some who are potentially the leading entrepreneurs of Zimbabwe in the next decade. 280 client companies have invested Z\$70 million in new and expansion projects, created 2000 new and permanent jobs, and their combined turnover is in excess of Z\$200 million per year. Six client companies have formed cross-border linkages in the food, light manufacturing, engineering, construction and advertising sub-sectors. These linkages involve joint-ventures, distributorships, and exports of goods and services with the region, Europe and the United States. The project has developed a local entrepreneurship training capacity of 8 trainers, 5 of whom are certified to international standards. The project has built a reputation for excellence as confirmed by companies interviewed by the World Bank mission of November 1995 and by a recent Coopers & Lybrand evaluation.
- ◆ **Latin America:** In 1996, an agreement was signed between the Spanish Agency of International Cooperation (AECI) and UNCTAD to assist Latin American Entrepreneurs in the management of change. Five training workshops will be carried out to help the entrepreneurs to restructure their enterprises in order to succeed in the newly globalized markets. UNCTAD will provide part of the training, select the 125 participants through its partner EMPRETEC Foundations and Entrepreneur Associations in Latin America, and involve the beneficiaries of the project, upon completion of their training, in activities aimed at diffusing the new expertise on the management of change throughout Latin American countries.
- ◆ **Asia:** Building on the lessons learned from implementing EMPRETEC over eight years, UNCTAD, in cooperation with the Danish Technological Institute, has developed EMPRETEC 21, an expanded programme which provides an integrated approach to sustainable small and medium scale enterprise development, and to supporting entrepreneurs by facilitating their access to all the services they need to start, grow, and internationalize their business ventures. Programmes are in preparation for Pakistan, Philippines and Viet Nam. Specific components of the programme are undertaken in cooperation with ILO, ITC, UNEP and UNIDO.

64. As a result of the substantial interest generated by the Ad Hoc Working Group on Comparative Experiences with Privatization, also serviced by the subprogramme, a national seminar on privatization policy was held in Harare, Zimbabwe, 22-24 March 1995, with the financial support of the Government of Italy. It resulted in a number of policy conclusions on the objectives and methods of privatization, enterprise restructuring, strengthening private sector development, competition and regulation, and machinery for privatization. The subprogramme also made substantive contributions to a number of privatisation conferences and meetings.

65. Together with the Government of Uzbekistan, UNDP and UNIDO the subprogramme co-organized an international business conference on "Privatization in Uzbekistan" held in Geneva in October 1995. The conference succeeded in bringing together senior government representatives and some 200 international business executives, as well as representatives of United Nations agencies and international business organisations. The conference led to the signature of some 15 preliminary agreements or written expressions of interest (see extract of report) and showed how a closer relationship between the government and the private sector could be established within the framework of UNCTAD's work programme.

66. The Subprogramme also prepared and published a major publication on privatization, entitled *Comparative Experiences with Privatization - Policy Insights and Lessons Learned*, which has been very well received by international and national privatization experts and practitioners. The book builds on the successful results of the Ad Hoc Working Group on Comparative Experiences with Privatization, including a 50-item list of elements for use in the formulation

of privatization programmes. Together with other materials, it provides a useful policy guide and practical handbook on a wide range of privatization issues, including privatization objectives and strategy, forms and financing of privatization, the framework and machinery for privatization, competition and regulation of privatized monopolies, as well as the social aspects and the results of privatization. It includes material, e.g., on systems of regulation of public utilities and on methodologies for the assessment of the results of privatization, not available elsewhere. The comprehensive nature of the publication, together with a wealth of real-life examples of privatization policies and practices, makes it a particularly useful document.

67. The Subprogramme has also established a database of privatized companies containing over 300 entries covering the period 1980-1995, and continues to publish a Privatization Newsletter targetted at national privatization focal points in some 80 countries.

68. The Subprogramme also contributed two substantive papers to the Africa Connect Conference, a parallel event to UNCTAD IX, dedicated to the promotion of entrepreneurship and investment. The paper entitled "Tele-Connecting Africa" (UNCTAD/DTCI/Misc.67) dealt with the policy options of African countries in modernizing and expanding their telecommunications sector. The document "Privatization in Africa - An Overview" (UNCTAD/DTCI/Misc.66) provided an overview of the privatization policies and projects in 11 African countries, including a country profile for each country, indicating past and future privatization projects..

E. International accounting and reporting

69. The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), at its fourteenth session, reviewed accounting and reporting by commercial banks amongst other topics. The Section continues to provide technical and administrative support to ISAR. Reference is made to the report of ISAR (TD/B/ITNC/AC.1/L.3) which provides an overview of the fourteenth session. The Group recommended that a fifteenth session should be held to further consider environmental accounting and the proposed global accountancy qualification.

70. The guidance issued by the Group has been formulated by international consensus, based on many countries' experiences. The findings and recommendations of the Group influence national legislation and the technical assistance activities undertaken by the secretariat.

71. Much work still needs to be done on environmental accounting. For example, very few countries have accounting laws, regulations or standards which specifically address the special issues raised by this topic. In December 1995, an ad-hoc expert group meeting was conducted to identify current developments in environmental accounting and issues which have not been investigated very thoroughly to date. They include, for instance, the development of a link between environmental and financial information to better report environmental performance; and the assimilation of the guidance and recommendations of the various organisations working on the subject to form an environmental accounting framework, based upon best practices, which could be used by accounting standard setters. The future work plan of ISAR and the secretariat have been guided by this meeting. The outputs of the meeting have also been very helpful in some of the country specific activities such as the environmental workshop in the Russian Federation, 22-23 October 1996.

72. At the regional level, the secretariat has been most active within the Commonwealth of Independent States (CIS). In 1992, at the request of the CIS the Accounting Section and the Organisation for Economic Co-operation and Development (OECD), the Coordinating Council on Accounting Methodology (the Council) was established to exchange accounting information and to undertake re-training activities. Due to the dissolution of the former Soviet Union, there is a risk that accounting methodologies and regulations may diverge within the

region which would subsequently need to be harmonized. Three activities for the Council were organized recently. Firstly, in September 1995 a meeting has held in Almati, Kazakhstan, to discuss recent accounting and auditing laws. Subsequently, in June 1996 UNCTAD held a workshop in Kiev for six countries in transition to review audit practices in the CIS, and in particular the problems experienced in applying international audit standards within the region. Lastly, UNCTAD organized a discussion on accounting for financial institutions (this subjects was analyzed by ISAR during its fourteenth session) at the September meeting of the Council in Moscow, Russian Federation.

73. The World Trade Organization's Working Party on Professional Services (WPPS) is currently analysing the accountancy profession with the aim of reducing barriers to trade in services. Delegates to the WPPS from developing countries may not always have ready access to their own accountancy profession for advice on technical accounting issues nor may they be familiar with the manner in which the profession is organized at the international, regional and national levels. To overcome these problems two informal workshops were organized and were attended by a number of delegates from developing countries. Issues discussed included matters such as the global market for accountancy services and regulations of the market and trade of accountancy services, background material on the accounting profession in developing countries was provided to WPPS by UNCTAD at the request of the EU.

**Box. 8 Activities in the area of international accounting
and reporting at national level**

Azerbaijan - a technical assistance project began in early 1996 to assist the Government of Azerbaijan formulate accountancy and audit laws and standards which are more compatible with international standards. Phase I of this project analyzes which aspects of current legislation need revision and prioritises these changes. Funds were provided by UNDP. Phase II will work towards the implementation of these changes and the subsequent re-training of practitioners and will funded by a World Bank loan to the Government.

Russian Federation - In October 1996 a workshop on environmental accounting was held in Moscow. A number of presentations were made by national professional accountancy bodies and NGOs such as the World Business Council for Sustainable Development. The Price Waterhouse provided financial support to this activity.

Bangladesh - a workshop is planned for accountants within academia, government and industry and accounting standard setters to raise their awareness of environmental accounting. Recommendations made previously by ISAR on this subject will be presented together with guidance which has subsequently been developed by national accountancy professions.

China - a workshop was held in Beijing in November 1995 for accountants and the management of state owned enterprises with the support of Deloitte and Touche, an international accountancy firm. The workshop was designed to develop the participants' understanding of financial management of TNCs.

Uzbekistan - the national project on accounting reform has been completed in 1996. Achievements include: a revised production cost regulation which defines gross and net profits in a manner compatible with generally accepted international accounting principles; an accounting law which lays the foundations for the development of accounting standards; a revised chart of accounts; and, approximately 6,000 accountants were re-trained using trainers and materials developed by the project.

III. FUTURE ORIENTATION OF THE WORK OF THE PROGRAMME

A. Mandates of UNCTAD IX and programmatic objectives

74. The current Programme on Investment, Technology and Enterprise Development is a consolidation of two major programmes (17 and 23) and one Subprogramme (9) of the United Nations. Specific objectives of the Programme are set out in the UNCTAD Programme of the United Nations Medium-term Plan for 1998-2001, and the new Division's work programme was reviewed by the Working Party on the Medium-term Plan and Programme Budget of the TDB.

75. The Programme focuses on international investment, enterprise development and the participation of enterprises in the global economy, and issues related to technology for development. It seeks to promote international policy dialogue and the exchange of experiences among development actors concerning these issues and it supports intergovernmental discussions in this area by providing in-depth research and policy analysis as well as technical assistance. The Division is also the focal point for analysis and action regarding the contribution of these issues to the development of LDCs and their South-South dimension.

76. The work of the Division addresses the following four programme areas:

1. Research and policy analysis in the area of investment to:
 - Improve general understanding of trends and changes in foreign direct investment (FDI) flows and related policies, the interrelationships between FDI, trade, technology and development, and issues related to transnational corporations of all sizes and their contribution to development, with the results to be published in UNCTAD's report on world investment;
 - Identify and analyse implications for development of issues relevant to a possible multilateral framework on investment, beginning with an examination and review of existing agreements, taking into account the interests of developing countries and bearing in mind the work undertaken by other organizations;
 - Identify and analyse the specific contribution that foreign direct investment can make to indigenous enterprise development and promote ways to facilitate efficient domestic resource mobilization;
 - Familiarize Governments and the International private sector with an individual countries' investment environment and policies by continuing investment policy reviews with member countries that so desire.
2. Research and policy analysis in the area of enterprise development to:
 - Facilitate the exchange of experiences on the formulation and implementation of enterprise development strategies, including questions related to privatization, and of experiences with regard to public sector/private sector dialogue and cooperation;
 - Further the participation of developing countries' enterprises in the global economy; and examine the special problems relating to enterprise development in countries in transition;
 - Assist countries, at their request, in the area of accounting standards, and accounting education and related activities.
3. Research and policy analysis in the area of technology to:
 - Identify, through science, technology and innovation policy reviews with interested countries, options for national action, especially those which foster technological capability and innovation and the transfer of and diffusion of technology;

- Identify, through an exchange of experiences among countries at different levels of technological development, policies to favour technological capacity-building, innovation and technology flows to developing countries;
 - Assist developing countries, in collaboration with WIPO and WTO, to identify opportunities to attract new technologies provided by the TRIPs Agreement.
4. Policy advice and related technical assistance in the areas of investment and technology, and entrepreneurship development to;
- Enhance the capacity of developing countries and countries with economies in transition to improve their overall investment climate, to obtain relevant information and to formulate policies to attract, and benefit from, FDI;
 - Promote opportunities for FDI in host countries by facilitating the exchange of experiences on investment promotion and the benefits of FDI;
 - Promote investment from developed to developing countries and among developing countries; encourage foreign investment flows towards the least developed countries;
 - Provide technical assistance in technology development, including accessing information technology, and disseminating relevant information through an information system and networking;
 - Support developing countries through technical cooperation in the formulation of strategies for promoting private sector development;
 - Contribute to entrepreneurship development, including ensuring the participation of women, and to the reform of public sector enterprises through assistance to developing countries with policy issues and training activities; assist interested developing countries with entrepreneurship development through programmes, such as EMPRETEC 21.

B. Personal reflections of the Director of the Division

77. To fulfill the Programme's multiplicity of tasks, the new Division will build upon the core competencies of the former DTCI and DST by maximizing the synergies between investment and technology, integrating research and technical cooperation, and enhancing service and product-delivery to its diverse end-users, namely, member States at different levels of development and the international civil society. The new divisional structure (see Annex IV) reflects these considerations. Six branches, have been reduced to three and in, keeping with our new mandate under UNCTAD IX and the need to build an integrated programme, these have been focussed respectively on the international, the national and the enterprise levels of activity. All three branches will engage in research and policy analysis and technical cooperation, thus strengthening their capacity to remain at the forefront of the field. The exchange of experiences amongst actors in the development process will also be enriched by the feedback between practitioners involved in technical cooperation and research and policy analysis. Work on investment and technology at the international level, including trends in the flow of technology and investment and international arrangements affecting these flows and their impact on development, will be dealt with in the Branch on International Investment, Transnationals and Technology. Research and policy analysis on new and emerging technologies with potential policy implications, technological innovation and investment issues giving rise to questions of policy at the national level, as well as activities leading to the exchange of experiences amongst countries, will be concentrated in the National Innovation and Investment Policies Branch. A broad range of activities designed to strengthen the contribution of policy to enterprise development and build enterprise capacity in the areas of technology, accounting, entrepreneurship and networking will be located in the Enterprise Development Branch.

78. By developing an integrated approach to the problems of investment, technology and enterprise development, DITE is well placed to offer improved policy coherence in its advice to governments. In this connection, one area in which a dialogue with member governments is taking place concerns the creation of a new product, the hybrid Investment/Science, Technology and Innovation Policy Review through which an assessment of the national system of innovation becomes a diagnostic tool in the development of an investment promotion strategy.

79. The synergies which an integrated work programme make possible will also position DITE to play an important catalytic role in the development of new ideas at the interface of investment, technology and enterprise development. The Division is moving in this direction in its work dealing with the promotion of new forms of partnering activity that enhances both South-South cooperation and North-South linkages. These activities will increasingly be focussed on the least developed and African countries. Through such partnerships, knowledge about best practice in productivity improvement, management and quality control can diffuse, thus strengthening supply capacity in local industry.

80. UNCTAD's mandate in the area of international investment and its relationship to development was significantly strengthened at Midrand. Of critical importance here is the fact that least developed and African countries have received such a small share of the world's investment flows. To the extent that international investment contributes to technological capability-building, opens new opportunities for exporting, and otherwise contributes to development, the limited flows of FDI to this set of developing countries is particularly problematic. As the knowledge-intensity of production increases across all industries (from textiles and clothing to telecommunications) and competition intensifies and globalizes, building technological, entrepreneurial and productive capacities and creating a policy environment that supports efficiency and innovation become critical elements in enhancing the ability of firms in developing countries to participate more fully in the global economy. It also lays the basis for least developed and African countries to attract a larger share of the world's investment. Greater efforts will be made by DITE to address these issues. To strengthen activities dealing with issues of particular concern to the least developed and African countries, a senior staff has been appointed to assume the post of focal point for these countries.

81. In the context of the overall reduction in resources, the Division, while assuming responsibility for the implementation of more than one third of the secretariat's mandates under UNCTAD IX, has not received resources commensurate with these expanded tasks. Indeed, it has been allocated resources that are significantly lower than the sum of those in the two divisions of which it is composed. The current skill mix in the new Division, moreover, does not fully reflect the needs of the new work programme. The challenge to the Division is thus not only to be relevant and effective, but also to do better with less. This requires a more flexible use of available resources than has hitherto been the practice in UNCTAD. To that end, few of the Division's resources will be located in the Office of the Director, thus concentrating professional staff on substantive work. In addition, some professional staff have been asked to double as coordinators for key activities of divisional importance and will report directly to the Senior Management Committee.

82. Task forces will also be set up across branches in the Division when they are needed. This has already begun in the preparation of an issues paper on "Enterprise development strategies" which constitutes the Division's contribution to the Commission on Enterprise, Business Facilitation and Development. Within UNCTAD, DITE will strive to strengthen linkages with other Divisions. Again, progress in this direction is evident in the preparation of this first meeting of the Commission on Investment, Technology and related Financial Flows. Lastly, the new Division will work towards enhancing synergies through collaboration with other international organizations, notably the ITC, UNIDO, WIPO, WTO, the ILO, World Bank Group and regional organizations.

ANNEX I

List of publications and reports issued in 1995-1996

A. Sales publications

International Investment Instruments: A Compendium. Volume I, 371 p., Sales No. E.96.II.A.9; Volume II, 577 p., Sales No. E.II.96.A.10; Volume III, 389 p., Sales No. E.96.II.A.11; All volumes, Sales E.II.96.A.12. \$125 (not to be sold separately).

World Investment Report 1996: Investment, Trade and International Policy Arrangements. 364 p. Sales No. E.96.II.A.14. \$45.

World Investment Report 1996: Investment, Trade and International Policy Arrangements. Overview. 22 p. Free-of-charge. (Arabic/Chinese/English/French/Russian/Spanish)

World Investment Report 1995: Transnational Corporations and Competitiveness. 491 p. Sales No. E.95.II.A.9. \$45.

World Investment Report 1995: Transnational Corporations and Competitiveness. Overview. 68 p. Free-of-charge. (Arabic/Chinese/English/French/Russian/Spanish)

Companies without Borders: Transnational Corporations in the 1990s. Published by International Thomson Business Press on behalf of UNCTAD. £45.

Investing in Asia's Dynamism: European Union Direct Investment in Asia, Brussels, The European Commission, 1996.

Incentives and Foreign Direct Investment. 98p. Sales No. E.96.II.A.6.

Foreign Direct Investment, Trade, Aid and Migration. 90p. Sales No. E.96.II.A. (Joint publication with the International Organization for Migration).

Foreign Direct Investment in Africa. 115p. Sales No. E.95.II.A.6. \$20. (English and French)

Transnational Corporations and World Development (published by International Thomson Business Press on behalf of UNCTAD). £60, hardback and £19.99, paperback.

Comparative Analysis of Petroleum Exploration Contracts. Sales No. E.96.II.A.7. \$35.

Administration of Fiscal Regimes for Petroleum Exploration and Development. Sales No. E.95.A.II.8. \$35.

International Accounting and Reporting Issues:1994 Review. 94 p. Sales No. E.95.II.A.3. \$25.

International Accounting and Reporting Issues:1995 Review. 155 p. Sales No. E.95.II.A.11. \$25.

Do Environmental Imperatives Present Novel Problems and Opportunities for the International Transfer of Technology? Sales No. E.95.II.D.11.

Technological capacity-building and technology partnership: field findings, country experiences and programmes. Sales No. E.95.II.D.6.

Compendium of documents and reports relating to the work of the UNCTAD Ad Hoc Working Group on the Interrelationship between Investment and Technology Transfer. Sales No. E.95.II.D.12.

ATAS Advanced Technology Assessment System - Information Technology for Development. Sales No. E.95.II.D.20

Science and technology in the new global environment: Implications for developing countries. Sales No. E.95.II.D.14.

Fostering technological dynamism: Evolution of thought on technological development processes and competitiveness: A review of the literature. Sales E.95.II.D.21.

New technologies and technological capacity-building at the enterprise level: Some policy implications. Sales No. E.95.II.D.24.

Emerging forms of technological cooperation: The case for technology partnership. Sales No. E.96.II.D.1.

B. Reports

"Current international arrangements governing foreign direct investment". TD/B/43/5, 1996.

"Trends in foreign direct investment". TD/B/ITNC/2, 1995.

"Foreign direct investment in developing countries". TD/B/ITNC/3, 1995.

"Commercialization of science and technology activities in transitional economies". TD/B/ITNC/4, 1995.

"Foreign direct investment and incentives". TD/B/ITNC/Misc.1, 1995.

"Foreign direct investment in Central and Eastern Europe". TD/B/ITNC/Misc.2, 1995.

"Technology for small-scale economic activities to address the basic needs of low-income populations - Science and technology for basic needs: a bridge". E/CN.16/1995/2, February 1995.

"The gender implications of science and technology for developing countries - Science and technology for sustainable human development: The gender dimension". E/CN.16/1995/3, March 1995.

"The science and technology aspects of the sectoral issues to be discussed by the Commission on Sustainable Development in 1995 - Science and technology for integrated land management". E/CN.16/1995/4, March 1995.

"Strengthening of linkages between the national research development systems and industrial sectors". E/CN.16/1995/8, March 1995.

"Information technologies for development - An issue note". E/CN.16/1995/9, March 1995.

"Scientific and technological aspects of the conversion of military capacities for civilian use and sustainable development". E/CN.16/1995/13, March 1995.

"Background information relating to the pre-Conference text - Science, technology and innovation policy reviews". TD(IX)CRP.2/Add.1, April 1996.

"Creating enabling environment for the development of enterprises", TD/B/WG.7/2, 1995.

"Technical cooperation for policy development to enhance the role of small and medium-sized enterprises", TD/B/WG.7/7, 1995.

"The role of small and medium-sized enterprises in the export development", TD/B/WG.7/3, 1995.

"Report of the Intergovernmental Group of Experts on Accounting And Reporting (ISAR)", TD/B/ITNC/AC.1/L.3, 1996.

ANNEX II

UNCTAD PROGRAMME ON TRANSNATIONAL CORPORATIONS
GENERAL AND EARMARKED TRUST FUNDS: INCOME, 1990-1996
 (United States dollars)

	1990	1991	1992	1993	1994	1995	1996
Algeria	-	-	-	-	25,000 ^{b/}	25,000	-
Austria	-	-	-	-	-	125,057	-
Bahamas	-	-	500 ^{a/}	-	-	-	-
Belgium	-	-	80,555	-	-	-	-
Brazil	-	-	-	-	-	5,000	5,000 ^{c/}
Canada	-	-	-	-	-	10,000	10,000 ^{c/}
Chile	-	-	1,000 ^{a/}	-	-	-	-
China	20,000	20,000	20,000	20,000	20,000	20,000	20,000 *
Denmark	176,414	239,337	164,337	244,000	244,000	260,230	168,022 ^{c/}
European Commission	-	-	-	-	-	13,729	100,000 77,491 ^{c/}
Finland	175,263	262,182	-	-	-	-	-
France	80,000	71,795	71,778	-	-	-	102,459 ^{c/}
Germany	-	-	-	-	-	90,000	132,558 ^{c/}
Italy	-	-	-	-	-	-	300,000 ^{c/} 60,000 ^{c/}
Japan	161,000	185,202	-	-	-	-	-
Korea, Rep. of	-	-	-	17,000	17,000	17,000	-
Lebanon	-	-	-	-	250,000 ^{b/}	250,000 ^{b/}	250,000 ^{b/}
Malaysia	12,000	-	-	-	-	-	-
Namibia	-	-	-	500 ^{a/}	500	-	-
Netherlands	79,260	341,887	175,475	-	-	-	175,000 63,000 ^{c/} 107,325 ^{c/} 90,510 ^{c/}
Norway	381,045	325,083	332,889	-	274,397	322,451	322,000 * 15,000 ^{c/} 154,202 ^{a/}
Poland	6,500	13,743	4,250	-	-	-	-
Sweden	529,270	-	-	-	-	50,000	-
Switzerland	413,463	212,570	389,603	-	230,000	259,179	259,000 * 20,000 ^{c/}
Thailand	-	-	-	-	-	-	81,000 ^{b/}
Zaire	1,000	-	-	-	-	-	-
Total contributions	2,035,215	1,671,799	2,255,887	281,500	1,060,897	1,444,646	2,512,567

^{a/} Pledged, but not yet received.

^{b/} Promised, but no yet received.

^{c/} Earmarked, shown as from 1996.

* Contribution expected in similar amount as previous year.

** Commitment.

ANNEX III Expenditures of the general trust funds on transnational corporations

January-December 1995

January-September 1996

	January-December 1995			January-September 1996		
	Advisors	Ad-hoc Consultants	Total	Advisors	Ad-hoc Consultants	Total
	US \$	US \$	US \$	US \$	US \$	US \$
Algeria	18,434	30,917	0	1,386	0	0
Bangladesh	7,262	0	0	0	0	0
Cameroon	20,953	2,355	0	4,606	13,687	0
China	5,138	0	0	0	0	14,658
Equatorial Guinea	803	0	0	0	0	0
Eritrea	18,448	0	0	9,338	0	0
Ethiopia	457	0	0	3,160	0	0
Fiji	4,779	0	0	0	0	0
Gabon	0	0	0	1,386	0	0
Gaza & West Bank	11,830	0	0	22,176	0	0
Ghana	4,335	0	0	8,316	0	0
Haiti	5,292	0	0	32,910	0	0
India	7,632	0	0	3,465	0	0
Ivory Coast	9,201	0	0	0	0	0
Kenya	10,886	0	0	3,438	0	0
Lebanon	7,394	0	0	0	0	0
Liberia	457	0	0	0	0	0
Malaysia	0	0	0	0	0	0
Mali	15,100	0	0	1,386	0	0
Oman	6,063	0	0	22,917	0	0
Pakistan	7,262	14,270	0	0	34,206	0
Papua New Guinea	4,181	0	0	0	0	0
Philippines	7,295	0	0	0	0	0
Sao Tome & Principe	31,252	0	0	4,158	32,783	0
South Africa	6,311	0	0	3,438	0	0
Tanzania (Zanzibar)	4,859	0	0	0	0	0
Trinidad & Tobago	0	0	0	0	0	0
United Arab Emirates	9,612	0	0	2,772	0	0
Vietnam	0	0	0	0	0	0
Zimbabwe	457	0	0	0	0	0
Africa Connect	11,936	0	0	80,866	36,549	84,760
Regional Africa	10,914	0	0	19,422	11,293	5,664
Regional Arab	6,654	0	0	0	0	0
Regional Asia/Pacific	904	0	0	19,085	26,131	11,307
Regional Central Asia	18,224	2,105	0	40,518	0	0
Euro-Mediterranean	0	0	0	4,851	0	0
Regional Caribbean	6,063	0	0	0	0	0
Interregional	69,604	14,128	2,082	19,352	34,217	5,348
Miscellaneous	4,521	0	0	19,480	0	0
Subtotal	354,512	63,775	45,515	328,425	188,865	169,498
			18,570		13,656	51,526
			487,536			751,971

ANNEX IV

Organizational chart of the Division on Investment,
Technology and Enterprise Development

