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TRADE AND DEVELOPMENT BOARD

Commission on Investment, Technology
and Related Financial Issues

Fourth session

Geneva, 4 October 1999

Agenda items 3, 4 and 6

TRENDS IN FDI AND WAYS AND MEANS OF ENHANCING FDI FLOWS TO AND AMONG
DEVELOPING COUNTRIES, IN PARTICULAR LDCS AND COUNTRIES RECEIVING
RELATIVELY LOW FDI INFLOWS, WITH A VIEW TO INCREASING THE BENEFITS
THEY ENTAIL, AND TAKING INTO ACCOUNT THE FACTORS WHICH PLAY A
PART IN PRIVATE SECTOR FIRMS' CHOICES OF INVESTMENT LOCATIONS

INVESTMENT POLICY AND SCIENCE, TECHNOLOGY AND INNOVATION
POLICY REVIEWS: METHODOLOGY AND EXPERIENCES

PROGRESS REPORT ON THE IMPLEMENTATION OF AGREED CONCLUSIONS
AND RECOMMENDATIONS OF THE COMMISSION

Agreed conclusions *

1. The Commission recognized the contribution that FDI can make to development, as documented and analysed in the reports prepared for its session. It expressed its appreciation for the *World Investment Report 1999* and its contribution to a better understanding of the mechanisms and dynamics of globalization and its impact on developing countries. It also noted the contributions that the *World Investment Report* can make to the understanding of those emerging issues related to development. It emphasized in this context the importance of statistical work in this area.

* As agreed at its 25th (closing) plenary on Friday, 8 October 1999.

2. The Commission appreciated the Secretariat's analysis of trends in FDI flows and its impact on growth and development prospects of developing countries. It also recognized the work undertaken in the area of capacity-building in developing countries, especially in Africa, to enable them to attract FDI to their economies.

3. The Commission expressed its satisfaction with the work undertaken by its expert groups and the documentation prepared by the secretariat for the expert meetings.

4. The Commission recognized the importance of the development dimension in international investment agreements and of work undertaken to shed light on the concept of flexibility. In this context, the Commission also underlined the importance of the *International Investment Agreements Issues* series.

5. The Commission had constructive discussions on the relationship between foreign portfolio investment and foreign direct investment, with a view towards reaching a better understanding of the implications for development.

6. The Commission agreed that adequate policies and institutions are important to attract investment flows.

7. The Commission recognized the importance of country examinations as a novel form of intergovernmental discussions at UNCTAD for understanding the diversity of development experiences and contributing to the deliberations and to the dissemination of best practices in investment policy and in science, technology and innovation policy. In this context, the Commission:

- (a) Commended the useful work carried out by the UNCTAD secretariat on the investment policy reviews and the science, technology and innovation policy reviews. Other countries may wish to avail themselves of the possibility to conduct such reviews;

- (b) Expressed appreciation to the countries that participated in the current round of reviews; to the senior officials from capitals who engaged in open, frank and meaningful dialogue and shared valuable experience with other Governments -- which could also benefit from the process -- and to the international private sector;
- (c) Encouraged follow-up on the findings and discussions of the policy reviews and appropriate assistance to countries seeking to implement the recommendations contained in the reviews. Such actions could also include procedures to evaluate the impact of the reviews and seminars to assess comparative experiences;
- (d) Invited donor countries and institutions to support the preparation of the policy reviews, while encouraging synergies with similar exercises, and the follow-up technical assistance to countries participating in the reviews.

8. The Commission noted the progress that has been made in its four sessions in addressing the issues under its purview in line with the mandate given to it by the ninth United Nations Conference on Trade and Development (UNCTAD IX). This work took into account the deliberations and outcomes of the Commission's Expert Meetings and the documentation prepared by the secretariat. The Commission welcomed the annual activities reports prepared by the secretariat. The Commission expressed its satisfaction with these accomplishments, and noted that important questions remain to be addressed.