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TRADE AND DEVELOPMENT BOARD
Eighteenth executive session
Geneva, 10 July 1998

**SYNOPTIC RECORD OF THE PROCEEDINGS OF THE TRADE AND DEVELOPMENT BOARD
AT ITS EIGHTEENTH EXECUTIVE SESSION
(10 July 1998)**

Prepared by the UNCTAD secretariat */

Item 1: Adoption of the agenda

1. The Board adopted the provisional agenda for its eighteenth executive session (TD/B/EX(18)/1 and Corr.1). (For the agenda as adopted, see annex II.)

Item 2: Mid-term review

2. The Board approved and adopted the outcome of the mid-term review (see annex I). In so doing, it requested member States, the UNCTAD secretariat and relevant organizations to fully implement the recommendations therein, and it requested the Secretary-General of UNCTAD to proceed immediately with the implementation of these recommendations, to provide regular progress reports at the monthly consultations and to transmit the outcome to the High-level Mid-term Review Meeting at the forty-fifth session of the Trade and Development Board.

*/ Pending the distribution of the final report of the Trade and Development Board on its eighteenth executive session (to be issued in TD/B/EX(18)/4), the secretariat is circulating this synoptic record of the eighteenth executive session for the information of delegations and other users. The final report will contain the summaries of statements made on the various items.

Item 3: UNCTAD's contribution to the UN-NADAF: UNCTAD's activities in favour of Africa (agreed conclusions 443 (XLIV))

3. The Board took note of the statements made under item 3.

Item 4: Institutional, organizational, administrative and related matters

(a) *Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board*

4. The Board decided that the African Export Import Bank should be designated under rule 76 of the rules of procedure so that it could participate in the deliberations of the Conference, the Board and its subsidiary organs.

(b) *Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board*

5. The Board decided that the Transnational Institute (TNI) should be given consultative status and that it be classified in the general category.

6. The Board was also informed that, in conformity with the provisions of Board decision 43 (VII), sections III and IV, and after consultation with the Government concerned (the Russian Federation), the Secretary-General had decided to enter the Association of Financial and Industrial Groups of Russia in the register of national non-governmental organizations.

(c) *Designation of the President of the Bureau of the forty-fifth session of the Trade and Development Board*

7. Mr. Chak Mun See (Singapore) was nominated for the post of President of the Board at its forty-fifth session.

Item 5: Report by the President of the Trade and Development Board on his informal consultations on: (a) Guidelines and modalities for funds from savings resulting from improved overall cost-effectiveness for financing of exports; (b) operational modalities of the Trust Fund to enhance participation of developing countries' experts in UNCTAD meetings

8. The Board decided to extend the mandate of the President of the Board to continue his consultations and to report on the two issues involved at a future monthly consultation of the President.

Item 6: Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-first session

9. The Board took note of the report of the Joint Advisory Group on its thirty-first session (ITC/AG(XXXI)/171).

Item 7: Other business

10. The Board noted that the thirty-second session of the Working Party on the Medium-term Plan and the Programme Budget, originally scheduled for 7-9 September 1998, would now be held on 21-23 September 1998.

Item 8: Report of the Board on its eighteenth session

11. The Board authorized the Rapporteur to complete the report on its eighteenth session under the authority of the President.

Annex I

OUTCOME OF THE MID-TERM REVIEW

INTRODUCTION

1. The reform project embodied in the Midrand outcome was a turning point in the history of UNCTAD. The Conference decreed the streamlining of the intergovernmental machinery of the organization, of its work programme, and of the structure of the secretariat. It also decided to improve UNCTAD's working methods and - most importantly - to adopt a different approach to the work, one based on dialogue and consensus-building and on practical objectives.

2. These goals have in effect been the guiding force of the organization since the Conference. A genuine effort - by both member States and the secretariat - has been made to attain them, and to a significant extent they have succeeded. But this major reform effort has, inevitably, encountered some difficulties, such as skill mismatches, compounded by the financial crisis of the United Nations. In the context of the mandates agreed upon at Midrand and subsequently endorsed by the General Assembly, which are not to be reopened, the Mid-term Review takes stock of the road already travelled, including its obstacles and pitfalls; considers what is yet to be done in the coming two years to fulfil these mandates; and makes recommendations on how to strengthen implementation.

3. The decisive test in the period up to the next Conference will be how well UNCTAD matches its description as the focal point within the United Nations system for the integrated treatment of development and interrelated issues in the areas of trade, finance, technology, investment and sustainable development. UNCTAD is also the focal point for LDCs for the United Nations system, and another test will be how effectively it delivers assistance to those countries. The key will be "integration": of programme elements (for example, FDI should be seen not in isolation but as a way of building supply networks of SMEs, strengthening the enterprise sector in recipient countries, bringing innovation, improving export competitiveness, etc); among UNCTAD's Divisions and Branches in coping with cross-sectoral issues and between the secretariat and member States; and among relevant economic multilateral institutions and regional commissions in terms of the common or complementary points in their work programmes and in the implementation of integrated country programmes.

4. Capacity-building is the expression that better defines this approach - capacity to implement the appropriate policies at the country level but also the capacity to formulate and apply negotiating positions on trade, investment and the other central issues that shape the globalization process and which will consequently affect the external economic environment for development.

STOCKTAKING

5. UNCTAD's work since Midrand - both in the secretariat and at the intergovernmental level - has basically proceeded along the lines mandated by the Conference. Intergovernmental consensus-building, policy research and analysis, and technical cooperation have on the whole addressed the goal of assisting developing countries and economies in transition to promote their development and participate more effectively in the world economy under conditions conducive to their development.

6. Valuable analysis for policy-making has in particular been provided by work on interdependence and global economic issues; on development challenges facing LDCs and African countries; on foreign direct investment issues; on a positive agenda for developing countries in trade negotiations and the opportunities available in trade in services; on commodity diversification and risk management; and on electronic commerce. In this connection, the importance and usefulness of the flagship reports, namely the *Trade and Development Report*, the *World Investment Report* and the *Least Developed Countries Report*, have been recognized.

7. Applied work has been particularly valuable in the fields of debt management; investment promotion; capacity-building for entrepreneurship; accession to WTO; capacity-building in the trade field; commodity risk management; modernization of customs, cargo tracking and trade facilitation; transport and transit arrangements; and the setting-up of integrated country programmes for LDCs. Intensive work has been undertaken as far as accounting and reporting standards, and competition law and policy are concerned. The functioning of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting and the Intergovernmental Group of Experts on Competition Law and Policy is to be reviewed.

8. Databases in the field of trade in goods and services (Trade Analysis and Information System (TRAINS) and Measures Affecting Service Trade (MAST)) have been further developed and refined as analytical tools.

9. In the field of institutional reform, the Board adopted guidelines on the efficiency and functioning of the UNCTAD intergovernmental machinery which *inter alia* stress the importance of integrating the outcomes of expert meetings into the policy work of the Commissions.

10. Work has taken place within the framework of a participatory approach that emphasized the need for UNCTAD to incorporate civil society into its work; to liaise closely with other international organizations; and to integrate research and policy analysis and technical cooperation work.

11. However, several organizational factors have been identified in connection with which further efforts are necessary to strengthen the role and impact of the organization. Given the growing gap between the level of requirements and the level of resources available and their quality (skills and expertise of staff), there is a need for more flexible allocation of resources and a better matching between skills and priority areas. The problem is exacerbated by systemic rigidities and in particular the slow pace at which vacancies are filled.

12. The linkages between analytical and technical cooperation activities have not been fully developed. Cross-sectoral issues have not benefited from sufficiently

integrated treatment within the intergovernmental machinery, nor have they been dealt with as effectively as possible within the secretariat, and this situation has particularly affected the treatment of LDC-related issues. The impact of the activities and work of UNCTAD needs to be better measured.

13. The recruitment difficulties faced by UNCTAD in the last two years have especially affected the Office of the Special Coordinator for Least Developed, Landlocked and Island Developing Countries. The Office has suffered from the delay in appointing a Special Coordinator and in filling the other vacant posts, and this has negatively affected the direction of UNCTAD'S work on LDCs. High-quality appointments need to be made as a matter of urgency.

14. The Secretary-General of the United Nations has endorsed the agreement reached regarding the division of labour between UNCTAD and the Department of Economic and Social Affairs (DESA) on strengthening United Nations work in macroeconomic analysis. UNCTAD'S present capacity to carry out analysis of international macroeconomic issues, particularly the impact of globalization and liberalization on trade and development, may therefore not be fully adequate in this new context.

15. While UNCTAD's work on Africa has increased in recent years and the Board's discussions of both substantive issues affecting Africa and UNCTAD activities in the context of the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF) and the United Nations System-wide Special Initiative on Africa have generally proved satisfactory, further improvements could still be made. Support in terms of analytical inputs and human resources is still not sufficient, and internal coordination could be improved.

16. In work on globalization and development strategies, there is scope for improving the balance in the activities undertaken, since not all regions have been fully covered from year to year, and dissemination of analytical outputs needs to be improved; not enough has been done on how developing countries could pace and sequence liberalization. Funding of activities on debt management has not been secure enough, and activities relating to assistance to the Palestinian people now need to aim at having a direct beneficial economic impact. In work on investment, technology and enterprise development, priorities and targets could be defined more clearly. In work on trade, there has not been a clear enough division of labour between subprogrammes in respect of electronic commerce and commercial diplomacy. In work on services infrastructure for development and trade efficiency, there is a need for greater emphasis on creating a better understanding of the economic impact of electronic commerce and its emerging global framework. In work on least developed, landlocked and island developing countries, not enough emphasis has been placed on the follow-up to the High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development, and participation of LDCs in UNCTAD meetings has been inadequate.

RECOMMENDATIONS

General

17. The unique contribution of UNCTAD has to be made through its analytical function and by linking *research* and *action, analysis* and *policies*. UNCTAD's programmes should be evaluated with this linkage in mind. Links should be reflected both in the consensus-building process in the intergovernmental machinery and in UNCTAD's operational activities and through enhanced partnerships with civil society. Feedback from member States through adequate monitoring of implementation will be indispensable.

18. The partnerships for development envisaged by the Midrand Declaration should be the hallmark of UNCTAD. These will require further changes in the way business is conducted. UNCTAD should strengthen its links with civil society, in particular the private sector, and international organizations. Links with the private sector should be aimed at tapping its innovative capacity, engaging in joint activities and supplementing funding, and in this connection clear guidelines should be adopted for private-sector funding. Links with other international organizations, including regional commissions, which represent an equally valuable source of ideas, should be aimed at increasing synergies and avoiding duplication. Constructive ideas must be developed about how to improve the dissemination of policy advice, including through modern electronic means, to make sure it reaches the end-users in a user-friendly form (best practices, handbooks, model laws and/or contracts).

19. While recognizing the need to adjust priorities in the light of changes in the world economy, the scope and contents of the work programme of the secretariat should be commensurate with approved mandates, taking resource constraints into account.

20. Work on cross-sectoral issues must be better integrated into the work of the intergovernmental machinery, and the Board should in particular ensure that the cross-sectoral issues referred to in paragraph 106 of "A Partnership for Growth and Development" are integrated into the work of the Commissions.

21. UNCTAD's analytical and technical cooperation activities should be better coordinated, and the secretariat should put in place appropriate mechanisms for this purpose. The strategy for the coherence of regular budget and extrabudgetary programmes that seeks to strengthen these linkages should be further pursued and should be linked to the outcomes of expert meetings, the Commissions, the Working Party and the Trade and Development Board.

22. UNCTAD's management should deploy every effort to proceed speedily with recruitment and appointments so as to reduce the current excessive vacancy rate. It should also seek to reduce costs within the framework of system-wide efforts to improve efficiency. Staff training should be stepped up with a view to addressing skill mismatches and creating a flexible workforce able to adjust to changing requirements.

23. Taking into account current discussions in the United Nations system on results-based budgeting and performance indicators, the UNCTAD secretariat should integrate further in its work the use of performance indicators. In accordance with commonly accepted national and international criteria, these indicators should be relevant, simple and measurable, and due account should be taken of the difficulties involved in measuring the impact of analytical work.

24. Focusing on results rather than inputs, the secretariat should examine and propose to the Board ideas for suitable feedback mechanisms to measure the impact of UNCTAD's activities. These proposals should be made available to the Board as soon as possible, and the Working Party should be involved at a later stage.

25. Cost recovery should be examined for certain technical cooperation programmes involving updating, maintenance and continuing servicing, account being taken of the situation of LDCs and low-income countries.

Specific

26. As UNCTAD is the focal point within the United Nations system for assistance to the least developed, landlocked and island developing countries, the work of the Office of the Special Coordinator should be strengthened. This could be achieved in part by filling current vacant posts as a matter of urgency. It is important that the Office coordinate the sectoral work, monitor the implementation of the Paris Programme of Action and initiate the preparatory process for the Third United Nations Conference on LDCs in close consultation and collaboration with the relevant agencies and institutions and civil society. LDC issues should be fully integrated into the work of the intergovernmental machinery at all levels. The lack of effective participation of LDCs in UNCTAD meetings should be addressed by the Board.

27. In view of its great importance to least developed countries, it is essential that decision 445 (EX-16) of the Trade and Development Board on the follow-up to the High-level Meeting on Integrated Initiatives for LDCs' Trade Development be implemented in full. Ownership of beneficiary countries should be assured. LDCs should be assisted in preparations for, and follow-up to, country-specific round tables. Cooperation, coordination and coherence of all the cooperating agencies' efforts remain the hallmark for achieving success.

28. Greater emphasis should be placed on cooperation with other agencies in the implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States. Work relating to development problems specific to landlocked and transit countries should be strengthened and proceed in consultation with all parties concerned.

29. Close cooperation and coordination must play a primordial role if the UNCTAD/WTO/ITC Joint Integrated Technical Assistance Programme in Selected Least Developed and Other African Countries, which, for the LDCs involved, represents a concrete step in implementing the integrated framework stemming from the High-level Meeting, is to meet its objectives. The secretariat coordination and focal point mechanism for activities relating to Africa should be strengthened.

30. Work on globalization and development strategies should have broader regional coverage, dissemination should be improved and more should be done on the pace and sequencing of domestic liberalization policies.

31. In debt management, more work should be done on the training of national staff and on domestic debt management. Work on debt problems of indebted countries, taking account of the results of debt negotiations in various forums, including private sector forums, should be pursued within UNCTAD's mandate.

32. UNCTAD should analyse the impact of the European Monetary Union (EMU) and the euro on developing countries, taking into account global analysis carried out in the relevant international organizations. Work on portfolio investment might best be carried out under the programme on investment, and advantage should be taken to the greatest possible extent of work being done by regional development banks and United Nations regional institutions.

33. In the programme on assistance to the Palestinian people, interagency coordination should be improved and a greater field presence should be considered.

34. UNCTAD's work in identifying and analysing the implications for development of issues relevant to a possible multilateral framework for investment addresses a prominent issue on the international agenda. UNCTAD should continue this timely work, which should be primarily analytical and include consideration of development-friendly elements. It should also pursue work to assist developing countries to strengthen their capacity to promote their trade and development through foreign investment. Further research should be undertaken into the factors which play a part in private sector firms' choices of investment locations. UNCTAD should continue its analysis on the current development of transnational corporations and help developing countries to improve the general understanding of issues related to transnational corporations and their contribution to development, as well as on policies allowing developing countries to benefit from TNC operations. More attention should be paid to promoting investment among developing countries. The integrated approach to investment and technology through the science, technology and innovation policy (STIP) reviews and investment policy reviews (IPRs) should be further pursued. Country-specific approaches to supporting national institutions and capacity-building should be preferred. Action should be taken to promote the continued expansion of the EMPRETEC programme, endeavouring to promote a regional balance.

35. In work on trade, further emphasis should be placed on capacity-building. Secretariat efforts to assist developing countries and economies in transition to participate effectively in international trade negotiations and in acceding to WTO should continue, including through the elaboration of a positive agenda, on which member States should be kept informed, and should receive appropriate funding from regular budget and extrabudgetary sources. Analytical work on the impact of trade preferences on the trade and development of developing countries should be strengthened, with special reference to identifying policy solutions in response to the decline in preferential margins and maximizing the utilization of preference schemes. In particular, it should identify ways to improve market access for developing country exports, including in new areas. The implementation of the special and differential provisions in favour of developing countries provided by the Uruguay Round Agreements should be analysed, bearing in mind the work being done in this area by WTO. Training in commercial diplomacy must be so designed as to ensure that UNCTAD's role is directed towards strengthening the analytical capacity of developing country officials in international negotiations. Work on commercial diplomacy courses should have a clear strategy and be sufficiently funded, and it should be developed in conjunction with the Training Development in the field of

Foreign Trade (TRAINFORTRADE) programme. The role of different subprogrammes in respect of commercial diplomacy and electronic commerce should be clarified. As a contribution to the discussion on issues on the international trade agenda, UNCTAD should continue to pursue its activities in the fields of competition law and policy; trade, environment and development; and services, including the use of the MAST database. Given the continuing dependence of a number of developing countries on primary commodities, work on diversification and risk management should be strengthened.

36. The sustainability of the Trade Point programme and Trade Points should be enhanced, particularly in respect of training, operability and interoperability, as may be recognized at the forthcoming evaluation of the programme. The concept of support services for the Automated System for Customs Data (ASYCUDA) should be developed, and measures to ensure its overall sustainability, as well as that of all other trade facilitation programmes, should be explored. The future activities of TRAINFORTRADE should be spelt out more clearly, taking into account the recommendations adopted by the Working Party on the Medium-term Plan and the Programme Budget following the evaluation of the programme and lessons learnt from the regional pilot projects. The Lyon Partners for Development meeting should be integrated into the work of UNCTAD through follow-up to private-sector/UNCTAD activities launched at the meeting. The analysis of global electronic commerce in terms of its impact on development should be an area of focus. In cooperation with relevant organizations, in particular WTO, ITU, WIPO and UNCITRAL, assistance should be provided to developing countries to prepare for possible multilateral discussions on electronic commerce.

37. The secretariat should produce an annual report on UNCTAD's activities in order to achieve greater transparency, to provide member States with a comprehensive overview and to permit a better assessment of UNCTAD's work and achievements. The Secretary-General may wish to take into account any views conveyed by member States as to the basic content of the report.

38. Expanded use of all aspects of information technology in UNCTAD's work should be sought. To that end, each Division should develop a plan to integrate information technology fully into its work.

Annex II

AGENDA FOR THE EIGHTEENTH EXECUTIVE SESSION OF THE BOARD

1. Adoption of the agenda
2. Mid-term review
3. UNCTAD's contribution to the UN-NADAF: UNCTAD's activities in favour of Africa (agreed conclusions 443 (XLIV))
4. Institutional, organizational, administrative and related matters:
 - (a) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board
 - (b) Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board
 - (c) Designation of the President and Bureau of the forty-fifth session of the Trade and Development Board
5. Report by the President of the Trade and Development Board on his informal consultations on:
 - (a) Guidelines and modalities for funds from savings resulting from improved overall cost-effectiveness for financing of experts
 - (b) Operational modalities of the Trust Fund to enhance participation of developing countries' experts in UNCTAD meetings
6. Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-first session
7. Other business
8. Report of the Board on its eighteenth session
