



United Nations Conference on Trade and Development

Distr.: General
31 March 2008

Original: English

Twelfth session

Accra, Ghana

20–25 April 2008

Item 8 (d) of the provisional agenda

Strengthening UNCTAD: enhancing its development role,
impact and institutional effectiveness

Strengthening UNCTAD: enhancing its impact and institutional effectiveness

Note prepared by the UNCTAD secretariat*

1. The strength of UNCTAD's development work, and hence its comparative advantage, lies in its integrated approach to trade and development and in UNCTAD's role as the only intergovernmental forum within the United Nations for addressing trade and development and the interrelated issues in the areas of finance, technology, investment and sustainable development. Another key strength is the structurally built-in coherence between its normative, analytical and operational activities, epitomized by the three pillars of UNCTAD's main areas of work: research and policy analysis, intergovernmental consensus-building and technical cooperation. Any effort to enhance the impact and institutional effectiveness of UNCTAD should begin with a clear perspective of these distinctive qualities and targeted measures to strengthen them and forge greater coherence among them.

2. Since UNCTAD XI, the effort to strengthen the organization's impact and effectiveness has involved two separate but complementary processes. The first of these was the Mid-term Review conducted in 2006 midway between UNCTAD XI and UNCTAD XII. At the conclusion of the Review in October 2006, member States reached consensus on a number of institutional issues relating to all three pillars of UNCTAD's work. The second process related to the Panel of Eminent Persons set up by the Secretary-General of UNCTAD in October 2005 with a view to enhancing UNCTAD's development role and impact. The panel's report, containing 21 recommendations, was issued in July 2006. At its forty-first executive session, in April 2007, the Trade and Development Board endorsed a number of recommendations, subject to certain understandings, and decided to pursue its consultations on more of the recommendations on which there was conceptual convergence.

* This document was submitted on the above-mentioned date as a result of processing delays.

3. The inclusion of sub-theme 4 in the agenda of the Conference is a clear indication of member States' desire to go further and deeper in adjusting the way the organization works. This is only natural; in today's context of extremely rapid change, it can be expected that UNCTAD, like any other organization, will have to assimilate the need for constant adjustment and change in order to remain relevant and effective in terms of its mandate of helping developing countries and countries with economies in transition to integrate beneficially into the global trading system.

4. In looking at ways of enhancing UNCTAD's effectiveness, it is useful to look at the different pillars of the organization's work in order to see how each pillar can be strengthened. It is also important, however, to see how the three pillars can come together in order to be mutually supportive, and enable the whole to be greater than the sum of the parts.

I. Efforts so far

A. Research and analysis

5. UNCTAD's research and policy analysis work, often characterized by innovative thinking, is aimed primarily at policymakers in developing countries and countries with economies in transition. Through its flagship publications and other recurrent and one-off studies and analytical work, UNCTAD contributes to international policy debate and consensus-building on a wide range of issues, including trade policy, development strategies, globalization, commodities, investment, technology transfer, finance and trends in international economic environment and their implications for developing countries.

6. At its Mid-term Review in October 2006, the Trade and Development Board stated that research and analysis are the backbone of UNCTAD's work on trade and development and interrelated issues in the areas of finance, investment, technology and sustainable development; and that research and analysis should be development-oriented, independent, grounded in solid evidence, and provide ahead-of-the-curve and innovative work on trade and development and related issues. It also agreed on a number of important proposals concerning the research and analysis pillar: (a) placing greater emphasis on practical solutions and policy options for developing countries and countries with economies in transition; (b) examining systemic issues of the international economy of particular importance to developing countries; (c) enhancing statistical and research/analysis databases and software systems; (d) ensuring interdivisional cross-fertilization and collaboration in research and analysis; (e) further promoting creative partnerships with other United Nations entities and other international organizations; (f) strengthening links with the wider development research community by, among other things, deepening contacts with research networks; (g) reinforcing the relevance of research and analysis for consensus-building and technical assistance; and (h) developing an effective dissemination and communication strategy.

7. The Panel of Eminent Persons also made a number of recommendations that are relevant to UNCTAD's research and analysis: (a) UNCTAD needed to be a leader in identifying and analysing key emerging issues; (b) it should strategically position itself on the basis of comparative advantage, differentiation and complementarity, and strategic intervention; (c) it should create genuine partnerships with international organizations; (d) it should increase the involvement of civil society; and (e) it should consider establishing a global network of think tanks. These recommendations were subsequently endorsed by the Board at its forty-first executive session, subject to a number of understandings.

8. In his report to UNCTAD XII, the Secretary-General of UNCTAD made a number of suggestions on research and analysis. In particular, he suggested (a) that UNCTAD's research should be more policy-oriented; (b) that more resources should be devoted to it, for example by making greater use of internal task forces, working more closely with other organizations, in particular think tanks, and mobilizing more extrabudgetary resources; and (c) that the organization's outreach effort should be far better.

B. Intergovernmental machinery

9. The intergovernmental machinery of UNCTAD has been a matter of particular focus of member States, and a number of recommendations were agreed upon at the Mid-term Review in 2006: (a) enhancing coherence between different levels of the intergovernmental process; (b) ensuring that intergovernmental meetings resulted in development-oriented outcomes including policy options, as mutually agreed; (c) providing more focused input from the Board to the General Assembly's consideration of the agenda item on international trade and development; (d) ensuring the Board's agenda is varied and topical; (e) ensuring the agendas of the Commissions are topical and focused; (f) exploring the possibility of having some expert meetings on a multi-year basis and building expert networks; (g) finding urgently a sustainable solution to the predictable financing of experts from developing countries and countries with economies in transition in UNCTAD expert meetings; (h) utilizing informal events to deal with current trade and development issues; and (i) encouraging greater participation of non-State actors working in the development fields, including the private sector, and from developing countries in UNCTAD's intergovernmental meetings.

10. The Panel of Eminent Persons also made recommendations on the intergovernmental machinery, which are still being discussed by member States. These included (a) setting up a trust fund and tapping into bilateral development assistance programmes to finance participation in UNCTAD expert meetings; (b) getting UNCTAD's intergovernmental machinery to provide relevant and pragmatic solutions to development problems; (c) turning expert meetings into standing expert groups; (d) rationalizing UNCTAD's commissions, with a possible commission on technology, and replacing the Board's high-level segment with a multi-stakeholder dialogue or a global forum for trade, investment and development.

11. In his report to UNCTAD XII, the Secretary-General of UNCTAD made a number of suggestions on intergovernmental machinery. In particular, he suggested that it should be more action-oriented, and that the Trade and Development Board should have a broader agenda and play a stronger role vis-à-vis the General Assembly of the United Nations.

C. Technical cooperation

12. As with the other pillars of UNCTAD's work, technical cooperation was the subject of a number of recommendations agreed upon during the Mid-term Review. These include (a) ensuring more cross-divisional cooperation; (b) working towards the introduction of integrated and multi-donor thematic programmes of technical cooperation in order to reduce the number of small and earmarked operations; (c) improving management, evaluation and reporting of all technical cooperation activities; (d) introducing better monitoring of technical cooperation and fund-raising; (e) ensuring an effective role of UNCTAD at country level by providing analytical inputs to United Nations country teams and improving cooperation with United Nations Development Programme (UNDP) and United Nations Resident Coordinators; (f) promoting synergies between technical cooperation and the other two pillars; (g)

ensuring that UNCTAD is in a position to play an important role in the Aid for Trade Initiative; (h) introducing an information sharing system to enhance the flow of information on technical cooperation; and (i) maximizing the regional delivery of technical assistance activities, thus benefiting from pooled resources and enhancing relevance.

13. The Panel of Eminent Persons also made recommendations on UNCTAD's technical cooperation, notably that UNCTAD should increase its participation in country-level mechanisms, and it should consolidate its 400-plus projects into four-to-five major technical cooperation programmes. The Board endorsed these recommendations, subject to certain understandings.

14. In his report to UNCTAD XII, the Secretary-General of UNCTAD made a number of suggestions on technical cooperation. In particular, he suggested that UNCTAD should seize the opportunity presented by the One United Nations process in order to raise awareness of the importance of trade in development at the country level and of the range of technical assistance activities it can offer to help countries achieve their development objectives. A second major focus for UNCTAD technical cooperation should be Aid for Trade.

II. Issues ahead

15. The ongoing effort to adapt and strengthen UNCTAD reflects the fact that the global economic and institutional environment in which UNCTAD is operating has changed. The geography of world trade has altered significantly, the degree of interdependence among countries has increased markedly, and the economic situation of developing countries has become much more heterogeneous. Institutionally, UNCTAD is no longer the sole major player in the area of trade.

16. Enhancing the impact and institutional effectiveness of UNCTAD will involve ensuring that the organization is responding to the main challenges of the time in its area of competence in a way that makes an identifiable difference. It will involve entrusting it with tasks concomitant with the needs of countries in the field of trade and development and the ambitions for the organization. It will involve integrating the concept of partnership into the methods of work of the organization, with a view to facilitating the realization of a true development partnership at the global level.

A. Research and analysis

17. When UNCTAD was created, it was tasked with examining the trade and development issues that were of greatest concern at that time. Its role in this respect should be preserved, meaning that it should continue to tackle the most pressing issues of the day. This will certainly involve a mix of long-standing and new issues, but if no agreement was to be reached on the need to tackle new issues, then the impact and efficacy of the organization would be diminished. It will be important not only to reach consensus on the issues to be tackled, but also to reconfirm the principle whereby new issues in the area of trade and development should be taken up as they emerge.

18. In its research and analysis, an important issue will be that of the analytical independence of the UNCTAD secretariat. If the goal is to conduct innovative research and analysis and, on that basis, to produce innovative policy recommendations, it is unlikely that such recommendations will immediately be the subject of broad consensus. Indeed, to the extent that they go against the status quo, they may encounter doubts or criticism in one quarter or another. Ensuring that the research can proceed free of outside pressure will therefore be important.

19. One of the key determinants of the impact of UNCTAD research and analysis will be its quality. The organization's record in this respect is very good, but improvement must be an ongoing concern. The latest Mid-term Review emphasized that research should be grounded in solid evidence, and one possible response to this will involve placing greater emphasis on country case studies and country-specific policy reviews. Another means of enhancing quality will involve reaching out and involving as many stakeholders as possible, including think tanks, civil society and the private sector. Yet another approach could involve increasing the resource focus on research. This may include reducing the number of publications or generating additional extrabudgetary resources. Ensuring consistent and rising standards of research will be a central way of enhancing the impact of the organization.

20. Another key issue relates to the rapidity of change in the world today. Governments have to be able to react quickly to newly evolving situations, and organizations mandated to assist and advise Governments must therefore be in a position to react quickly as well. It will be important for UNCTAD, and indeed for all international organizations, to identify the best ways of making their accumulated knowledge and experience available to Governments and the international community in such a way that they can be brought to bear on emerging problems and produce useful advice and support within a short time-frame. In the field of trade and development, equipping UNCTAD to respond rapidly to rapid change could significantly enhance the organization's impact.

B. Consensus-building in the intergovernmental machinery

21. Conceptually, the intergovernmental machinery of UNCTAD provides both depth and scope. At one level, experts meet to discuss specific issues often of very topical interest. At a higher level, government representatives meet to discuss broad sectoral issues with a view to adopting development-oriented policy outcomes. At the highest level, the Board discusses broad and cross-cutting issues, at times with high-level participation, and reports directly to the General Assembly. The potential of such a system to contribute to policy dialogue and policy recommendations is clearly very great, but it is felt by many that that potential is not being fully realized at present.

22. The effectiveness of the machinery can certainly be improved by adjusting its structure and working methods. For example, it will be important to improve the way that work at one level feeds into work at another level, as well as to ensure the participation of experts from all groups of countries in expert meetings. However, there is a deeper issue at stake. One of the key issues taken up by member States in their periodic deliberations on the role and effectiveness of UNCTAD has been the question of the outcomes of intergovernmental meetings. At the Mid-term Review in 1998, member States agreed that commissions should seek to adopt agreed conclusions of relevance to the international community, Governments and the UNCTAD secretariat. At the Mid-term Review in 2002, however, they agreed that the outcome of commission sessions should be a chair's summary reflecting substantive dialogue and separate concise recommendations to the UNCTAD secretariat. At the Mid-term Review in 2006, they agreed that intergovernmental meetings should result in development-oriented outcomes, including policy options. This uncertainty about outcomes raises the issue of the fundamental purpose of United Nations intergovernmental meetings in the area of trade and development.

23. When UNCTAD was created in 1964, it was conceived as a conference and was fundamentally action-oriented. It was mandated "to formulate principles and policies on international trade and related problems of economic development",¹ and further to this mandate it produced a number of major results. Since UNCTAD VIII, however,

¹ United Nations General Assembly resolution 1995 (XIX), 30 December 1964, para. 3(b).

UNCTAD has ceased to play a role in the negotiation of binding international instruments, and the emphasis has been placed on “consensus-building”. However, what is meant by consensus-building in terms of, for example, the desired outcome of meetings has not itself been the subject of any lasting consensus, as can be seen from the contradictory conclusions of the different Mid-term Reviews. This is clearly a handicap for the organization, and reaching agreement on the basic purpose for organizing intergovernmental meetings in UNCTAD will be important if its institutional effectiveness is to be improved. Should the focus of UNCTAD meetings be on exchanges of views on emerging issues, free of the constraints of negotiating agreed outcomes? Or should these meetings serve as a forum for agreeing not on binding instruments but on policy recommendations to Governments and the international community? In his report to the Conference, the Secretary-General of UNCTAD favours an action-oriented machinery that produces policy recommendations at the national, regional and global levels.

24. UNCTAD is the focal point of the United Nations for the integrated treatment of trade and development, and this suggests that the Trade and Development Board has a particular responsibility in relation to the activities of other United Nations bodies and agencies. As a subsidiary body, the Board reports to the General Assembly, and indeed both the President of the Board and the Secretary-General of UNCTAD address the Board in this connection. At the same time, the Board’s report to the General Assembly does not provide the General Assembly with agreed inputs on a number of important areas of UNCTAD’s work. And the Board does not play the coordinating role that it might be expected to vis-à-vis United Nations activities in the area of trade and development. Its effectiveness in this connection could be enhanced.

25. When UNCTAD was created, the major players in its activities were Governments, with a limited number of non-governmental organizations (NGOs) also participating. Clearly, this situation has changed radically, and the private sector and a vastly expanded civil society are now key players. To be fully effective, UNCTAD may wish to seek ways of ensuring that, without its intergovernmental nature being called into question, these key players can participate more regularly in its deliberations. The hearings with civil society launched at UNCTAD XI represented a step forward in this connection, but it may be possible to integrate NGOs more directly into some UNCTAD meetings. The private sector is regularly represented by panelists in UNCTAD meetings, and the value of these contributions is widely recognized. It may be opportune to explore ways of encouraging more sustained participation by the private sector in order to allow it to play its full role in development thinking and action.

C. Technical cooperation

26. UNCTAD’s work in the area of research and analysis and in the area of consensus-building is operationalized through its technical cooperation activities. The main thrust of these activities is policy advocacy and capacity-building in the four main areas of its work: (a) globalization and development strategies; (b) international trade in goods and services, and commodities; (c) investment and enterprise development; and (d) technology, services infrastructure for development and trade efficiency. As indicated above, the effort to enhance the efficacy and impact of UNCTAD’s technical cooperation is ongoing and features simultaneous efforts in a number of different areas.

27. One of the main areas of focus involves enhancing awareness of trade and development issues at the country level. It is now realized that these issues are not given their full weight in development assistance frameworks. Indeed, economic issues as a whole have perhaps not received the attention they deserve in development

assistance efforts in recent years. It will therefore be important to raise the profile of such issues in the coming period.

28. This need is being felt just when the United Nations is in the process of reforming its approach to technical cooperation through the introduction of the One United Nations concept. This approach is designed to enhance the coherence of United Nations operations at the country level, but it represents a challenge for non-resident agencies, which run the risk of exclusion. Ideally, non-resident agencies must try to turn the challenge into an opportunity, and this is precisely the goal of the Interagency Thematic Cluster on Trade and Productive Sectors. This cluster – which brings together UNCTAD, the United Nations Industrial Development Organization (UNIDO), the Food and Agricultural Organization of the United Nations (FAO), the World Trade Organization (WTO), the International Trade Centre (ITC), UNDP and the regional commissions – is intended to enable the participating organizations to present and deliver a package of technical cooperation activities at the country level through the One United Nations framework. The success of this initiative will depend on many factors, including the success of the One United Nations approach, the ability of the participating organizations to engage in an effective and lasting partnership, and the receptivity of countries to the need to put economic growth back at the centre of their development concerns.

29. Another area of focus in efforts to enhance the effectiveness of UNCTAD's technical cooperation relates to the development of integrated and multi-donor thematic programmes. This effort is moving ahead well, the aim being to significantly reduce the number of small-scale technical cooperation activities and consolidate them into broader programmes financed by many donors in a predictable fashion. The success of this undertaking will depend on the ability of the secretariat to enhance its internal coherence, including with respect to fund-raising, and the willingness of donors to contribute to multi-donor, multi-year trust funds, thereby accepting a slightly lesser degree of direct influence over the destination of technical cooperation in order to obtain greater sustainability and impact of activities.

30. One focus of UNCTAD's technical cooperation activities will be Aid for Trade. This is an essential complement to international trade liberalization, whether multilateral, bilateral or unilateral, to realize the potential development gains and to mitigate the costs of adjustment and implementation. Over a period of many years, UNCTAD has gained significant experience in trade- and development-related technical assistance, and its programmes can make an important contribution. For example, UNCTAD has established expertise in training officials from developing countries in trade policy issues and (a) assisting them to participate effectively in trade negotiations; (b) promoting the diversification of commodity-dependent economies; (c) assessing the impact of trade in services, non-tariff barriers and the interface between trade and environmental measures; (d) strengthening developing countries' capacities to meet environmental and health-related product standards and to make use of preferential schemes and regional integration, including among developing countries; and (e) drafting competition laws and policies.

31. Strengthening UNCTAD's efficiency and impact in this area will be a central element in strengthening its impact overall. Areas of focus could include (a) investment policy reviews and investment promotion; (b) science, technology and innovation strategies; (c) entrepreneurship and enterprise development; (d) trade logistics; (e) customs systems and trade facilitation; and (f) the use of information and communications technologies for development. Together with other crucially needed measures – such as building and upgrading infrastructure and adjustment assistance – these actions will significantly strengthen the ability of developing countries to make use of existing and new market access opportunities and thereby multiply the gains from trade.

D. Pillars as an integrated whole

32. UNCTAD is the focal point of the United Nations for the integrated treatment of trade and development. The concept of “integrated” has a number of different aspects, but one of them undoubtedly relates to the fact that UNCTAD deals with trade and development not just from the point of view of intergovernmental consensus-building and not just from the point of view of technical cooperation, but through all three pillars of its work. This is certainly a key comparative advantage for UNCTAD, and the implications are clear. Firstly, if any one of the pillars is weakened, the whole will be weakened. And secondly, the more the three pillars complement each other, the stronger the overall impact will be.

33. Strengthening synergies between the three pillars will involve several aspects. It will be important to enhance the central role of UNCTAD’s research and analysis as the basis for intergovernmental consensus-building. At the same time, the intergovernmental machinery will have to enhance its role as a source of inputs to UNCTAD’s research and analysis and as a source of multi-stakeholder inspiration and guidance for that research and analysis. Similar enhanced mutual interaction will have to be encouraged between the consensus-building pillar and the technical cooperation pillar, with the former serving as a forum for guidance and feedback, and the latter as a channel for the operationalization of intergovernmental consensus. Finally, technical cooperation must respond to and inform the research and analysis pillar.

III. Conclusions and questions

34. In his report to the Conference, the Secretary-General of UNCTAD set out his goals as follows:

- (a) Establish UNCTAD as a leading centre of research and analysis, providing its stakeholders with innovative and practical policy recommendations based on broad cooperation with other organizations and think tanks;
- (b) Enable the UNCTAD intergovernmental machinery to generate action-oriented outcomes in all areas of UNCTAD’s mandate in order to guide Governments in their development efforts and in promoting orderly and development-oriented systemic evolution, and allow it to support the General Assembly directly in its deliberations on trade and development; and
- (c) Place UNCTAD at the heart of a cluster of global and regional organizations offering a package of capacity-building technical assistance activities on trade and development and interrelated areas that can be delivered through the One United Nations process in accordance with each country’s needs.

35. Achieving this will involve answering a number of fundamental questions. How can the topicality and relevance of UNCTAD’s research and analysis be assured? How can the need for analytical independence in the area of research and analysis be reconciled with the need for accountability to member States? What is the end goal of United Nations intergovernmental meetings in the area of trade and development? How can UNCTAD enhance its impact at the country level? How can UNCTAD use its comparative advantage to enhance the role of the United Nations?