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UNCTAD's contribution to the implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields

Progress made in the implementation of the outcomes of the major United Nations conferences and summits, and UNCTAD's contribution

Note by the UNCTAD secretariat[*]

Executive summary

Pursuant to General Assembly resolution 57/270 B and paragraph 179 of the Accra Accord, UNCTAD should contribute to the implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic, social and related fields, as well as to the achievement of the internationally agreed development goals, including the Millennium Development Goals (MDGs). This document provides a brief review of the progress made in the relevant thematic areas and UNCTAD's contribution thereto.

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

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Introduction

1. The General Assembly, in its resolution 57/270 B, stressed the need to make maximum use of existing United Nations mechanisms for the purpose of reviewing the implementation of commitments made within the United Nations system in key areas of development (para. 27). In this regard, it invited the Trade and Development Board to contribute, within its mandate, to the implementation and review of progress made in the implementation of the outcomes of the major United Nations conferences and summits, under its relevant agenda items.

2. The twelfth United Nations Conference on Trade and Development (UNCTAD XII), held in Accra, Ghana, in April 2008, agreed that “UNCTAD, within its mandate, should make a contribution to the implementation and follow-up to the outcomes of relevant global conferences. It should continue to contribute to the achievement of the internationally agreed development goals, including the Millennium Development Goals… It should also contribute to furthering the implementation of the internationally agreed goals in the Doha Ministerial Declaration and other relevant decisions” (Accra Accord, paragraphs 11 and 179).

3. This note contains a review by the UNCTAD secretariat of progress made in the implementation of the outcomes of the major United Nations conferences and summits and the contribution of UNCTAD in this respect.

I. International trade

4. The important role of international trade in the promotion of economic development and the alleviation of poverty is explicitly recognized in the outcomes of major United Nations conferences and summits. These include the United Nations Millennium Declaration and the associated United Nations Millennium Development Goals (MDGs), the World Summit Outcome, the Monterrey Consensus on Financing for Development, the World Summit on Sustainable Development, the Brussels Programme of Action for Least Developed Countries (LDCs), the World Trade Organization (WTO) Doha Ministerial Declaration and the Accra Accord of UNCTAD XII. The outcome of these conferences and summits have in particular underlined a commitment of the international community to an open, equitable, rule-based, predictable and non-discriminatory multilateral trading and financial system as being critical in making trade work for development and poverty alleviation.. They also underscore a direct linkage between active participation in international trade and the achievement of internationally agreed development goals and objectives, including the MDGs.

A. Progress made

5. There has been progress in enhancing the participation of developing countries in international trade to realize development gains. International trade, especially the trade of developing countries as a group, had expanded at a fast pace in the current decade and that trade among developing countries had become one of the most dynamic elements in world trade. However, the international community is now challenged by the severe impact on development of multiple, interrelated global crises and challenges, including increased food insecurity, volatile energy and commodity prices, climate change and the global financial and economic crisis. UNCTAD currently estimates that global merchandise trade will fall between 6 and 8 per cent in 2009 in volume terms, while the contraction in value could be much greater. The lack of results so far in the WTO Doha agenda negotiations has

undermined confidence in the multilateral trading system, and propelled the proliferation of regional trade agreements. Moreover, many developing countries, in particular LDCs, have remained at the margins of the recent improvements in trade and developments, and their trade capacity needs to be enhanced to enable them to exploit more effectively the potential of trade to support their development.

B. UNCTAD's contribution

6. UNCTAD has participated in the United Nations system-wide response to the world food security crisis by contributing to the work of the United Nations Secretary- General's High-Level Task Force, by issuing the publication *Addressing the Global Food Crisis: Key Trade, Investment and Commodity Policies in Ensuring Sustainable Food Security and Alleviating Poverty* (UNCTAD/OSG/2008/1) and by participating in the High-level Conference on World Food Security.

7. In response to the energy crisis, the report "Energy-related issues from the trade and development perspective" (TD/B/C.I/2) was submitted for consideration by the first session of the Trade and Development Commission (11–15 May 2009). The commission noted that, with regard to energy-related aspects of trade and development, the key challenge was to ensure universal access to sufficient and reliable energy sources that promoted sustainable development, especially in developing countries.

8. UNCTAD's work on international trade is directed at strengthening the contribution of trade to the achievement of internationally agreed development goals, including the MDGs. In this regard, the High-Level Segment of the fifty-fifth session of the Trade and Development Board in 2008 considered the topic "Trade and productive capacities for achieving internationally agreed development goals, including the Millennium Development Goals". A background note was prepared by the secretariat for this topic (TD/B/55/3). The Board's deliberations were transmitted to the United Nations High-Level Event on MDGs held in New York in October.

9. As a member of the Inter-Agency and Expert Group on MDG Indicators (IAEG) of the United Nations Secretariat, UNCTAD, together with WTO and the International Trade Commission UNCTAD/WTO (ITC), provides data and analysis for the update of indicators 38 and 39 of MDG 8 on Market Access. The IAEG prepared the *Millennium Development Goals Report 2008* and the United Nations Secretary-General's annual report to the General Assembly on the implementation of the Millennium Declaration.

10. UNCTAD promotes development of pro-poor trade strategies in dealing with the opportunities and challenges from globalization. The UNCTAD/Department for International Development/India Project on Strategies and Preparedness for Trade and Globalization in India assists poor farmers, artisans and fishermen in engaging in international trade to earn better returns on their production. UNCTAD supported a public–private partnership between Philips Corporation and Lesotho to develop a joint venture factory producing energy-saving light bulbs to trade in the Southern Africa Development Community (SADC) region, while creating jobs and helping with industrialization in Lesotho. UNCTAD is assisting Papua New Guinea in developing an endogenous trade policy that will focus on promoting exports and help achieve the MDGs. Similar support is being provided to Rwanda.

11. Regarding the global financial and economic crises, the report "Global economic crisis: implications for trade and development" (TD/B/C.I/CRP.1) was discussed at the first session of the Trade and Development Commission. The commission requested UNCTAD to continue its analytical work on the impact of the global economic crisis on trade and

development, and to periodically report its findings to member States as well as transmit its findings to relevant forums, as appropriate.

12. As regards trade, environment and sustainable development, the BioTrade Facilitation Programme (BTFP) was launched during the World Summit on Sustainable Development. The first phase of BTFP successfully ended in 2007 and an upscaled second phase (BTFP II) has been developed and is being implemented. UNCTAD is implementing a component relating to policy analysis, dialogue and capacity-building on biotrade.

13. UNCTAD also cooperates with partners to assist developing countries in taking full advantage of the many economic, environmental, food security and health benefits of rapidly growing markets for organic agriculture. UNCTAD has joined forces with the Food and Agriculture Organization of the United Nations (FAO) and the International Federation of Organic Agriculture Movements (IFOAM). The UNCTAD–FAO–IFOAM International Task Force on Harmonization and Equivalence in Organic Agriculture has finalized important norms and guidelines in this area. UNCTAD also cooperates with the United Nations Environment Programme (UNEP) in the framework of the UNEP–UNCTAD Capacity-Building Task Force on Trade, Environment and Development (CBTF). One concrete outcome of such cooperation was the development of the East African Organics Products Standard, which was developed through a public–private sector regional partnership supported by CBTF and IFOAM.

14. In accordance with the Accra Accord, UNCTAD’s work also focused on transport costs, liner shipping connectivity, fleet seaborne trade and developments, inland transport and transit trade, maritime and supply-chain security, the implementation of internationally-agreed rules and standards, and legal issues affecting the trade and transport of developing countries and issues about the need to mitigate and adapt to climate change. Key contributions were the quarterly Transport Newsletter and the 2008 *Review of Maritime Transport* which, in its 40th edition, contained a unique time series of key port and shipping statistics. In the field of transport law, active contributions to the assessment of the potential implications of the complex provisions of a new United Nations Convention on Contracts for the International Carriage of Goods Wholly or Partly by Sea, adopted by the General Assembly, were given.

15. The Automated System of Customs Data Analysis (ASYCUDA), programme has continued to provide extensive training to national experts. For example, ASYCUDA is a component of the coherent trade and transport facilitation strategy implemented by UNCTAD in Afghanistan, where it has become operational in four transport corridors and has helped ease trade movements and increase government revenues.

II. Commodities

16. The 2005 World Summit on Sustainable Development emphasized “the need to address the impact of weak and volatile commodity prices and support the efforts of commodity-dependent countries to restructure, diversify and strengthen the competitiveness of their commodity sectors” (General Assembly resolution 60/1, para. 33). At the same time, the Monterrey Consensus stated that “multilateral assistance is also needed to mitigate the consequences of depressed export revenues of countries that still depend heavily on commodity exports” (para. 37). The General Assembly, in its resolutions 61/190 and 63/207, also recalled the MDGs and the other internationally agreed development goals related to commodities. While General Assembly resolution 61/190 reiterated “the importance of maximizing the contribution of the commodity sector to sustained economic growth and sustainable development, while continuing with diversification efforts in

commodity-dependent developing countries", its resolution 63/207 also took note of Accra Accord adopted at UNCTAD XII as far as its part related to commodities is concerned.

A. Progress made

17. While around 90 developing countries continue to be commodity dependent, i.e. receiving the bulk of their export earning from a few commodities, little progress has been made in achieving the goals of higher competitiveness and diversification set by high-level conferences and summits. And in spite of the fact that during the major part of the current decade virtually all of them have received higher export revenues due to unprecedented increases in the price of food, the historically long price boom turned into an impressive price bust in the second half of 2008 due to the outburst of the global economic crisis. Despite the partial recovery of prices in 2009, commodity-dependent countries still suffer from persistent supply and demand imbalances on world commodity markets, trade-distorting domestic support and export subsidies in certain industrialized countries, as well as anti-competitive practices by major market players.

B. UNCTAD's contribution

18. UNCTAD has implemented a broad range of activities (including intergovernmental meetings and capacity-building and technical cooperation activities) on commodities and development, in a number of areas, including (a) mining and mineral commodities; (b) compliance with sanitary and phytosanitary requirements and private sector standards in export markets; (c) best practices in the use of agricultural value chains; (d) improving the value chain in the cotton sector in Africa through trade and investment; (e) commodity exchanges; and (f) information, statistics and the provision on an electronic portal (Infocomm) of commodity profiles containing information on all aspects of commodity markets.

19. To follow up on the 2008 Global Initiative on Commodities, a major multi-stakeholder initiative was formulated jointly with the Common Fund for Commodities, the African, Caribbean and Pacific Group of States, and the United Nations Development Programme. UNCTAD, in cooperation with the above partners, as well other stakeholders, will organize a Global Commodity Forum in November 2009 to address the issues of increased instability of commodity markets and of making commodities an engine for economic development.

20. As mentioned above, as a member of the United Nations Secretary-General's High-level Task Force on the Global Food Security Crisis, UNCTAD has contributed to the Comprehensive Framework of Action adopted by the Task Force in June 2008 and to its follow-up meetings.

III. Investment and enterprise development

21. The Monterrey Consensus emphasizes the vital role of private international capital flows, particularly foreign direct investment (FDI) in national and international development efforts. The Johannesburg Plan of Implementation notes the role of FDI in achieving sustainable development. The World Summit Outcome reiterates the resolution of world leaders "to encourage greater direct investment, including foreign investment in developing countries and countries with economies in transition to support their development activities and to enhance the benefits they can derive from such investments" (para. 25), while also making commitments in related policy areas such as on private sector

development (para. 23 (e)), good governance to promote small and medium-sized enterprise (SME) development (para. 24 (a)), and corporate responsibility and accountability (para. 24 (c)).

A. Progress made

22. As a result of the financial crisis and the downturn of economic activity in major developed economies, global FDI flows declined by an estimated 15 per cent in 2008 from the historic peak of $1.9 trillion in 2007, and further decline is expected in 2009. This decline is triggered by two major factors: the capabilities of firms to invest have fallen because of declining profits and greater limitations to resources, and their propensity to invest overseas has also been affected by the crisis. The downturn in world FDI flows is now widespread, and affects all sectors and regions, including developing countries. The *World Investment Prospects Survey* 2009–2011 prepared by UNCTAD confirms that the economic downturn will have a negative impact on transnational corporations' (TNCs') international investment plans in the short term.

23. FDI flows to and from developed economies were the first to be affected by the financial market crisis and the marked slowdown of economic growth. Whereas all developing regions except West Asia experienced higher FDI inflows in 2008, an outright decline is probable in 2009.

24. While in 2008 FDI outflows from developed countries fell, those from developing economies continued to rise (by about 2 per cent) bringing them to account for about 15 per cent of the world total. A very large part of these investments are directed to other developing countries. In today's international financial environment, South–South FDI is hence assuming increasing importance for developing countries.

25. Among industries, FDI flows to financial services, automotive industries, building materials, intermediate goods and some consumption goods were the most significantly affected in 2008. However, FDI remains the largest share of external capital flows to developing countries.

26. There are also some favourable factors that could stimulate FDI growth in the short run. Cash-rich companies in both developed and developing countries are now faced with a greater propensity and opportunity to invest overseas because of cheap asset prices, investment opportunities arising from industry restructuring, and in emerging industries. Also, firms in some developing countries still have the capability to invest abroad with implications on driving higher levels of South–South FDI flows.

27. At the international level, the universe of international investment agreements (IIAs) consisting of bilateral investment treaties, double taxation treaties and other investment-related agreements continues to grow, both in number and in complexity. The increasing complexity of the IIA system creates a serious capacity challenge for many developing countries, including in the area of investor–state dispute settlement (there were 317 known treaty-based cases by the end of 2008).

B. UNCTAD's contribution

28. UNCTAD's Investment, Enterprise and Development Commission is the intergovernmental body within the United Nations dealing with investment and investment-related issues. The commission expressed its concern about the impact of the global economic crisis on FDI flows and encouraged UNCTAD to continue its analytical research on the impact of the economic crisis on FDI, especially in developing countries, and

explore appropriate policy options to restore and improve conditions for FDI to contribute to growth and development.

29. For 18 years, UNCTAD's *World Investment Report* has provided a vehicle for analysing the impact of FDI on development, thereby contributing to the implementation of the Monterrey Consensus. The 2008 issue focused on TNCs and the infrastructure challenge. Member States noted that the report was particularly "timely, as high-quality infrastructure was essential to development and to the achievement of the Millennium Development Goals".[1] Other major policy-oriented research included the preparation of studies on the impact of the current global financial crisis on global FDI flows, FDI and climate change, and food and agriculture. The last will provide input to the *World Investment Report 2009*, which examines TNCs, agricultural production and development.

30. The lack of relevant, reliable and timely information on FDI and TNC activities and the insufficient capacity to analyse such information are part of the problem of attracting FDI in a number of developing countries (particularly LDCs). To alleviate these problems, UNCTAD strengthened its capacity-building efforts to collect, improve and harmonize statistics on FDI and activities of foreign affiliates in developing countries, paying specific attention to LDCs, most of which are located in Africa.

31. The Monterrey Consensus recognizes that, to attract and enhance inflows of productive capital, countries need to continue their efforts to achieve a transparent, stable and predictable investment climate. In this context, UNCTAD's Investment Policy Reviews (IPRs) and their follow-up activities are designed to maximize the benefits of FDI in client countries by improving the regulatory, institutional and operational aspects of clients' investment frameworks. To date, UNCTAD has completed 26 IPRs, more than one third of which were for LDCs. Demand for IPRs remains high, and 24 countries, including 8 LDCs, have expressed interest.

32. UNCTAD also assists governments in investment promotion, focusing particularly on issues of relevance to LDCs, such as good governance in investment promotion, and assists developing countries in strengthening the role of investment promotion agencies. This is achieved through the provision of advisory services and training. For example, more than 300 officials from 65 developing countries and economies in transition were trained on investment promotion and facilitation issues, including good governance.

33. To assist developing countries in achieving a transparent, stable and predictable investment climate, UNCTAD also developed the "e-regulations system", a web-based e-government system conceived to help developing countries and countries in transition work towards business facilitation through transparency, simplification and automation of rules and procedures relating to enterprise creation and operation.

34. The first session of the Multi-year Expert Meeting on Investment for Development (10–11 February 2009) was devoted to the development dimension of IIAs. The meeting aimed to address the development implications of the proliferation of investment agreements, and identified and clarified the key issues to be further analysed in order to enhance the capacity of developing countries and harness the development potential of IIAs. Analytical work carried out by UNCTAD included publication of (a) the series on *International Investment Policies for Development*; (b) the revision of the first generation series on *Key Issues in IIAs*; (c) the publication of the seminal study "Investor–State Dispute Settlement and Impact on Investment Rulemaking"; (d) the launching of several issues of the IIA Monitors; and (e) the update of the databases of investment instruments and investor–State dispute settlement cases. Technical assistance activities aimed at

[1] "Report of the Trade and Development Board" (TD/B/55/10): 25.

assisting developing countries coping with complexities of IIAs and the related negotiation and implementation challenges were conducted.

35. The Monterrey Consensus also urges special efforts in such priority areas as corporate governance and accounting standards. The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) held its twenty-fifth anniversary session in 2008. The session was attended by a record 325 experts, including several ministers. A workshop was also organized on the "Policy Context for Responsible Investment", which examined the relationship between investors, regulators, and enterprises and the role of voluntary enterprise policies on corporate social responsibility in attracting investment.

36. In line with the recommendations of the Monterrey Consensus, UNCTAD continued to develop Empretec, its entrepreneurship and SME capacity-building programme. Recently, the programme successfully launched two new initiatives: the first Empretec Women in Business Awards (organized during UNCTAD XII in Accra, Ghana); and the Empretec Africa Forum – a strategic plan to establish a specialized regional network for re-energizing and expanding Empretec Centres in Africa.

37. In addition, through its e-tourism initiative, UNCTAD continued to boost exposure for tourism SMES and increase their competitiveness by equipping local stakeholders with behavioral, organizational and technological e-business models. Plans of action have been elaborated to implement measures further developing human resources and fostering tourism-oriented entrepreneurship through the pooling of resources and the development of partnerships among public and private stakeholders (including SMEs).

38. UNCTAD continued its policy analysis on the role of global value chains in building national productive capacities, undertaken in collaboration with the Organization for Economic Cooperation and Development, and on measures for promoting business linkages. The first Multi-year Expert Meeting on Enterprise Development Policies and Capacity-building in Science, Technology and Innovation (STI), Geneva 20–22 January 2008, aimed at identifying policies and best practices that encourage the creation and promote the international competitiveness of SMEs.

39. In the area of insurance, UNCTAD supported the development of a competitive insurance sector in developing countries by helping their prudential regulators to establish competitive and well-regulated insurance markets. This was achieved through consensus-building, including through intergovernmental meetings, and provision of targeted policy advice and technical assistance in the area of insurance.

IV. External debt and international financial cooperation for development

40. The Monterrey Consensus, the Johannesburg Plan of Implementation and the 2005 World Summit Outcome emphasize the importance of sustainable external debt in the context of development finance in both low- and middle-income countries. The Monterrey Consensus also highlights the need for a substantial increase in official development assistance (ODA) if the international targets for ODA are to be met, as well as for the effective allocation and delivery of ODA and for innovative sources of finance.

41. The Doha Declaration on Financing for Development, adopted in December 2008, reaffirmed the essential role that ODA plays in facilitating the achievement of development objectives, including the internationally agreed development goals, in particular the MDGs. Furthermore, it called for the fulfillment of all ODA commitments, including the commitments by many developed countries to achieve the target of 0.7 percent of gross

national product (GNP) for ODA to developing countries by 2015 and to reach the level of at least 0.5 per cent of GNP for ODA by 2010, as well as a target of 0.15 to 0.20 per cent of GNP for ODA to LDCs.

42. The Doha Declaration recognized that important challenges with respect to the external debt of developing countries remained and that the current global financial and economic crises carried the possibility of undoing years of hard work and gains made in relation to the debt of developing countries. Furthermore, it states that the situation demands the implementation of existing and any future bold and encompassing initiatives and mechanisms to resolve the current debt problems of developing countries, particularly for Africa and the LDCs, in an effective and equitable manner, including through debt cancellation.

A. Progress made

43. The improvement of ODA quality and the increase of its development impact are welcome developments. The Economic and Social Council Development Cooperation Forum, along with recent initiatives such as the High-level Forums on Aid Effectiveness – which produced the 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action – make important contributions to the efforts of those countries which have committed to them. Continued building on these initiatives will contribute to enhancing national ownership and making aid delivery more effective and efficient, and lead to improved outcomes.

44. Much progress has been made since the Monterrey Conference in voluntary innovative sources of finance and innovative programmes linked to them. A number of the initiatives of the Technical Group created by the Global Action Initiative against Hunger and Poverty and the Leading Group on Solidarity Levies to Fund Development have become a reality or are in advanced stages of implementation. These include the financing of important health programmes in several developing countries. Other noteworthy initiatives include the United States Millennium Challenge Corporation, the President’s Emergency Plan for AIDS Relief, the India–Brazil–South Africa Fund, the Egyptian Fund for Technical Cooperation and support to African countries, the Libya–Africa Investment Portfolio and the PetroCaribe Initiative.

45. In 2008, the value of total external debt of developing and transition economies increased by $176 billion (corresponding to a 5 per cent increase over the 2007 value), surpassing $3.6 trillion at the end of 2008. Developing and transition economies’ output grew more rapidly than debt and total external debt decreased from 25 per cent of gross national income (GNI) in 2007 to 21.8 per cent of GNI in 2008. Moreover, developing countries as a group continued to accumulate international reserves which, by the end of 2008, surpassed $4.2 trillion. As a consequence, developing countries and transition economies now hold net assets valued at approximately $580 billion.

46. Countries having reached the Heavily Indebted Poor Countries (HIPC) Debt Initiative of the World Bank completion point received an estimated debt relief of $38 billion at the end of 2008 net present value terms and since 1999 the debt ratios of HIPC countries have substantially improved. Despite the progress made under the HIPC Initiative, the improvement in debt ratios does not automatically imply a more favorable medium-term debt situation for these countries, in particular as the full effects of the financial crisis have not been fully passed on to developing countries. Of 24 HIPC completion point countries, only 8 showed low risks of debt distress by March 2009, while 4 were facing a high risk or were already in debt distress.

B. UNCTAD's contribution

47. In its *Policy Brief* Number 7 of March 2009, UNCTAD reported that, for all donor countries that had undergone a banking crisis in the past 30 years, there was a positive correlation between banking crises and shrinking ODA and that ODA levels were slow to recover. Developing countries could, therefore, be faced with decreased external financing at the time when they needed it most. UNCTAD proposed the creation of safe, ODA-specific endowments funded by the interest on the assets. The endowment model has worked repeatedly well for educational institutions, and could similarly fulfill the critical need for predictable ODA flows.

48. UNCTAD continues to prepare annually the report of the Secretary-General of the United Nations on external debt and development entitled "Towards a durable solution to the debt problems of developing countries", the next of which will be deliberated by the General Assembly at its sixty-fourth session. The report reviews recent developments in external debt, explores the interaction between external debt sustainability and domestic public debt sustainability, and reviews progress in debt management capacity-building efforts in developing countries. It serves as the background to the General Assembly's annual resolution on the subject.

49. As part of the United Nations MDG Gap Task Force, UNCTAD regularly analyses the implementation of international commitments and derives required policy responses needed for meeting the MDGs by 2015. UNCTAD contributes to the thematic fields of ODA, debt relief and market access for the annual report used as a lead input for the deliberations in the General Assembly, the Financing for Development process, as well as the Economic and Social Council, in particular the Annual Ministerial Review and the Development Cooperation Forum.

50. UNCTAD has continued providing support to debtor countries in preparing for negotiations on the rescheduling or restructuring of bilateral official debt in the framework of the Paris Club. In 2008–2009, six countries – Djibouti, Congo, Togo, Burundi, the Seychelles and Cote d'Ivoire – rescheduled their debt within this framework.

51. Both the Monterrey Consensus and the Doha Declaration recognize the importance of technical assistance for debt management. The Debt Management and Financial Analysis (DMFAS) Programme has continued to help countries build their institutional capacity to manage their debt effectively. The programme has so far provided assistance to 65 countries and one territory, including 101 different institutions. In 2008, the programme managed 43 active projects at the country level and organized or co-organized 112 national and regional capacity-building missions, resulting in the training of more than 600 officials. This capacity-building also resulted in new concrete outputs, such as debt data validation calendars and statistical bulletins in a number of countries. In addition to providing specialized debt management software and related services, the programme offers a range of training modules to build the client country's capacity in the area of debt validation, debt statistics and debt portfolio analysis.

52. Under a United Nations Development Account project, UNCTAD published in 2009 a *Compendium on Debt Sustainability and Development,* which examines the approaches and mechanics of Debt Sustainability Analysis (DSA), an analytical framework for DSA and development, country case studies, the institutional setting for public debt management, and debt and trade considerations.

V. Coherence of the international monetary, financial and trading systems

53. The Monterrey Consensus stressed the need to enhance the coherence and consistency of the international monetary, financial and trading systems in support of development. UNCTAD has consistently contributed to the debate on these issues at the Trade and Development Board and UNCTAD's quadrennial conferences.

54. The Doha Declaration on Financing for Development recognized the limited results achieved since Monterrey in addressing systemic issues and the urgent need for more progress. In particular, the role of the International Monetary Fund in surveillance, giving high priority to the identification and prevention of potential crises and strengthening the underpinnings of international financial stability, are areas where progress has been inadequate. The Doha Declaration stressed that reform of the international financial architecture should focus on providing greater transparency and strengthening the voice and participation of developing countries and countries with economies in transition in international decision-making and norm-setting.

55. The Doha Declaration also encouraged national governments to improve coordination and enhance coherence to assist in the formulation and effective implementation of policies at all levels, as well as international financial and development institutions to continue to enhance policy coherence for development, taking into account diversified needs and changing circumstances.

56. The Doha Declaration furthermore recognized that new and highly globalized financial instruments have changed the nature of risks in the world economy, requiring continuing enhancement of market oversight and regulation. Governments agreed to implement reforms that would strengthen the regulatory and supervisory frameworks of financial markets as needed, as well as enhance financial information and transparency at the domestic level, and cooperation among national regulators, to strengthen international financial standards.

57. The Doha Declaration also stressed that the ongoing international discussions on global economic governance structures needed to be inclusive and that all countries, including low-income countries, should be able to effectively participate in this process. This debate should review the international financial and monetary architecture in order to ensure a more effective management of global issues. It should associate the United Nations with international and regional institutions aimed at improving the inclusiveness, legitimacy and effectiveness of the global economic governance structures. The June 2009 *United Nations Conference at the Highest Level on the World Financial and Economic Crisis and its Impact on Development* was intended as a concrete step in that direction.

A. Progress made

58. The global economic crisis has dramatically shown the need for consistency in the decision-making process at the global level and for greater transparency in international markets. Both in terms of the inadequate global economic governance that contributed to the build-up of the crisis, as well as in the need for coordinated action by governments to deal with its immediate and long-term implications, the crisis has highlighted more than ever the insufficient pace of progress towards coherence between and within the international monetary, financial and trading systems.

59. While **inter-systemic** coherence (trade–monetary–financial) was already lacking in the period since Monterrey, the crisis has revealed the extent of **intra-systemic** incoherence. This was manifested in the collapse of major financial markets and institutions

in the wake of the bursting of speculative bubbles in various interrelated markets as well as heightened global monetary imbalances. Hence, in this one area of the Monterrey Consensus, which saw perhaps the least tangible progress since 2002, the consequences of international inattention and inaction in the face of the build up of global systemic risks have proven to be costly and the implications for multilateral reform challenging indeed.

B. UNCTAD's contribution

60. As the sub-prime mortgage market crisis begat a broader financial crisis and global recession in late 2008, the Secretary-General of UNCTAD established a Task Force on Systemic Issues and Economic Cooperation to examine the systemic dimensions of the crisis and formulate proposals for policy action.

61. The Task Force report of March 2009 entitled *The Global Economic Crisis: Systemic Failures and Multilateral Remedies* (UNCTAD/GDS/2009/1) goes to the heart of the *problematique* of systemic coherence and stresses the interdependent nature of the problems and solutions that the international community must tackle. The examination of these issues from a development perspective has been deepened in the *Trade and Development Report*, *2009*:

(a) UNCTAD's longstanding call for stronger international monetary and financial governance rings true in today's crisis, which is global and systemic in nature. The crisis dynamics reflect failures in national and international financial deregulation, persistent global imbalances, absence of an international monetary system and deep inconsistencies among global trading, financial and monetary policies;

(b) The crisis has shown that market fundamentalist *laissez-faire* of the last 20 years has dramatically failed the test. Financial deregulation created the build-up of huge risky positions whose unwinding has pushed the global economy into a debt deflation that can only be countered by government debt inflation;

(c) Blind faith in the efficiency of deregulated financial markets and the absence of a cooperative financial and monetary system created an illusion of risk-free profits and licensed profligacy through speculative finance in many areas. This systemic failure can be remedied through comprehensive reform and re-regulation with a vigorous role by Governments working in unison;

(d) Meanwhile, the growing role and weight of large-scale financial investors on commodities futures markets have affected commodity prices and their volatility. Regulators need access to more comprehensive trading data in order to be able to understand what is moving prices and intervene if certain trades look problematic, while key loopholes in regulation need to be closed to ensure that positions on currently unregulated markets do not lead to "excessive speculation";

(e) In addition, the absence of a cooperative international system to manage exchange rate fluctuations has facilitated currency speculation and increased global imbalances. Developing countries on the verge of default should not be subject to a "crisis rating" by the same financial markets which have created their predicament. Multilateral or even global exchange rate arrangements are urgently needed to maintain global stability, to avoid the collapse of the international trading system and to pre-empt pro-cyclical policies by crisis-stricken countries.

62. The *Trade and Development Report, 2009* also examines the growing global challenge of climate mitigation measures and ways of mainstreaming green investment, technology and industry into innovative development strategies promoted by a multilateral enabling and support system. The engagement of developing countries in climate change

mitigation efforts will largely depend on how a global climate policy is designed. Such a policy should facilitate their access to clean technologies, to financing for emission reducing investments, and to compensation for income losses that certain countries may face. International emissions trading within the framework of a global cap-and-trade system with a distribution of emission rights that favours developing countries could serve as a new financing mechanism.

63. To enhance systemic coherence between trade, finance and development, the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) should be interpreted flexibly with regard to climate change-friendly technology and allow for compulsory licensing. The Doha Declaration on the TRIPS Agreement and Public Health recognizes the flexibility within TRIPS to grant compulsory licenses and the need to interpret TRIPS from a public health perspective. Given the global public good character of climate change mitigation and the interest of the developed countries to involve developing countries in global efforts to reduce greenhouse gas emissions, similar flexibility appears to be justified in the case of proprietary rights in the field of climate-friendly technology.

VI. Science and technology for development, including information and communication technologies

64. The World Summit on the Information Society (WSIS) adopted a common vision and commitment to building a "people-centred, inclusive and development-oriented Information Society". The summit also adopted four outcome documents that seek to translate this vision into concrete objectives, goals and targets to be met by 2015, along with a series of 11 action lines and main themes. The Commission on Science and Technology for Development (CSTD) has been designated by the Economic and Social Council to act as the focal point in the system-wide follow-up to the WSIS outcomes.

A. Progress made

65. The digital divide continued to narrow, reaching an important milestone in 2008, when over half the world's population obtained some level of connectivity. Between 80 and 90 per cent of the world's population now lives within range of a cellular network, double the level in 2000. The number of mobile subscriptions worldwide had reached 4 billion by the end of 2008, rendering a global mobile penetration of more than 60 per cent. The Internet gap between developed and developing countries is also closing, albeit at a slower pace. At the end of 2008, half of the world's Internet users were in developing countries, especially in Asia. Regionally, Africa and the Middle East are experiencing the fastest mobile and Internet growth.

66. Despite such positive trends, many challenges remain. In developing countries as a whole, only 12 per cent of the population uses the Internet. Increasingly, the digital divide debate is shifting away from measurements of basic connectivity to issues of speed (bandwidth) and user-centric issues such as availability of local content and data privacy. Challenges related to local content development, data privacy and low-cost access to broadband – a prerequisite for a large number of WSIS action lines – warrant special attention.

67. One area of growing concern relates to data privacy. Data leaks and instances of cyber crime can cause significant harm to the general public, and the global information society has become more vulnerable to illegal and intrusive activities. Moreover, trans-border data flows have the ability to circumvent national laws. Developing countries, owing

to a lack of privacy laws that meet the standards set by their trading partners in developed countries, may risk being discriminated against in the context of international trade.

B. UNCTAD's contribution

68. UNCTAD, as the secretariat of the CSTD, continues to monitor WSIS implementation and follow-up at international and regional levels and prepares the annual report of the Secretary General thereon.[2]

69. Within the framework of the project of Network of Centres of Excellence, sponsored by the Government of Italy, UNCTAD, in close collaboration with the Tunisian National Agency for Computer Security, organized a training session on Cybersecurity in Tunis, Tunisia, in October 2008. UNCTAD also facilitated three meetings of the East African Community Task Force on Cyberlaws to prepare a legal framework for the harmonization of cyberlaws in the region. In Asia, technical assistance was provided to Cambodia and the Lao People's Democratic Republic. In Latin America, some 100 governments and private sector representatives from member countries of the Latin American Integration Association (ALADI) were trained on the legal implications of information and communication technology (ICT).

70. UNCTAD produced a practical guidebook entitled the *Manual for the Production of Statistics on the Information Economy,* focusing on statistical issues particular to developing and transition economies. It forms the basis of UNCTAD training courses and other technical assistance on ICT statistics.

71. UNCTAD contributed to the organization of the ICT4All Forum – Tunis+3, an annual event sponsored by the Government of Tunisia, in collaboration with the International Telecommunication Union, and in partnership with the Global Alliance for ICT and Development and the African Development Bank. The forum, which is being used as a platform for WSIS follow-up, addressed strategies and options to expand access among low-income countries to low-cost fixed or wireless broadband technology.

72. As part of its implementation of the science and technology-related mandate from the 2005 World Summit Outcome, UNCTAD's programme of Science, Technology and Innovation Policy (STIP) Reviews aims at enabling policymakers in developing countries to evaluate the strengths and weaknesses of their country's science and technology-related policies and measures. In cooperation with the United Nations Educational, Scientific and Cultural Organization (UNESCO), UNCTAD has been invited to participate in a STIP Review for Gabon, and work has started on reviews for three Latin American countries – the Dominican Republic, El Salvador and Peru. In Asia, requests for reviews were received from Kazakhstan and Pakistan.

73. The Multi-year Expert Meeting on Enterprise Development and Capacity-Building in Science, Technology and Innovation (STI) in January 2009 resulted in the identification of a set of actionable outcomes, such as the establishment of expert networks, the creation of an inventory of best practices and a number of proposals for cooperation among the participating experts.

[2] Report of the Secretary-General on progress made in the implementation of and follow-up to the outcomes of the World Summit on the Information Society at the regional and international levels (E/2009/10, A/64/64).

VII. Competition law and policy

74. The Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, dating from 1980, aims "to ensure that restrictive business practices do not impede or negate the realization of benefits that should arise from the liberalization of tariff and non-tariff barriers affecting international trade, particularly those affecting the trade and development of developing countries".

A. Progress made

75. Despite a general widespread trend towards the adoption, reformulation or better implementation of competition laws and policies in developing countries, many still do not have up-to-date competition legislation nor adequate institutions for their effective enforcement, and rely to a large extent on UNCTAD capacity-building for this work. The Fifth United Nations Conference to Review All Aspects of the Set (Antalya, November 2005), re-affirming the validity of the United Nations Set, concluded that much more attention needed to be paid to the detrimental effects of anti-competitive practices on the functioning of markets, the process of privatization, the creation of a dynamic enterprise sector, and the interface between FDI, international trade and competitiveness. Subsequently, in the agreed conclusions of the ninth annual session of the Intergovernmental Group of Experts on Competition Law and Policy (15–18 July 2008), member States requested UNCTAD to pursue and focus its capacity-building and technical cooperation activities on maximizing their impact in all regions, within the financial and human resources available. The Sixth United Nations Conference to Review All Aspects of the Set will be held in 2010.

B. UNCTAD's contribution

76. UNCTAD is the focal point for all work related to competition policy and consumer protection within the United Nations system. In this capacity, UNCTAD continues to (a) monitor trends and developments in competition law and policy; (b) assist developing countries in formulating and enforcing competition laws and policies; and (c) facilitate international cooperation through advocacy and information dissemination, the periodic revision of the commentary to the Model Law on Competition and the organization of voluntary peer reviews on competition law and policy in the context of the Intergovernmental Group of Experts on Competition Law and Policy. (A review of Costa Rica's competition regime was held in 2008.)

77. In the period under review, assistance was provided to countries and subregional/regional groupings relating to competition advocacy, preparation, revision and/or implementation of competition legislation, training of competition case handlers, institution-building and consumer protection, including through national seminars, training workshops, advocacy activities, institutional framework reports, consultations with stakeholders, comments on draft legislation or on its implementation or revision or consultations on the interface between the competition authority and sectoral regulators. Countries assisted include, Bhutan, Botswana, Cameroon, Indonesia, Iraq, Madagascar, Mauritius, Mexico, Mozambique, Rwanda, Swaziland and Zambia.

78. Regional groupings of developing countries which have been assisted (often through advice on implementation of common or regional competition rules) include the Common Market of Eastern and Southern Africa, the Economic Community of West African States, countries of Eastern and Southern Africa, SADC and the West African Economic and Monetary Union. In Tunisia, in coordination with the Development Research Centre of

Canada and the Tunisian Ministry of Commerce, UNCTAD organized a regional workshop on the “Role of competition policy in the current food crisis”. In the framework of the COMPAL programme, a dissemination event was organized 8 and 9 September in Managua (Nicaragua) on the outcome of four sectoral studies carried out in 2008 on sectors of key importance to the Nicaraguan economy.

VIII. Countries in special situations

79. The Programme of Action for the Least Developed Countries for the Decade 2001–2010, agreed at the Third United Nations Conference on the Least Developed Countries, contains a number of quantified and time-specific development targets in seven commitment areas. These are (a) fostering a people-centred policy framework; (b) good governance at the national and international levels; (c) building human and institutional capacities; (d) building productive capacities to make globalization work for LDCs; (e) enhancing the role of trade in development; (f) reducing vulnerability and protecting the environment; and (d) mobilizing financial resources. In 2003, the International Ministerial Conference of Landlocked and Transit Developing Countries adopted the Almaty Programme of Action, which addresses the special needs of landlocked and transit developing countries within a new global framework for transit transport cooperation. The need to also address the special circumstances of small island developing States (SIDS) was recognized in the Programme of Action adopted at the Global Conference on the Sustainable Development of Small Island Developing States, held in Barbados in 1994, subsequently reviewed in Mauritius in January 2005.

A. LDCs

1. Progress made

80. The economic performance of LDCs has shown marked improvements over the recent years, with an average annual growth rate of 8 per cent for the group during 2005–2007. This rate surpassed the 7 per cent growth target of the Brussels Programme of Action. However, such an impressive economic performance of the group masks regional, sectoral and country variations. At the regional level, in 2005–2007, the real GDP growth rate in the African LDCs exceeded that of Asian LDCs for the same year. At the sectoral level, although oil-importing African LDCs have improved their economic performance, oil-exporting LDCs continue to be the driving forces behind their region’s improved economic performance.

81. The challenge to make the improved economic performance of LDCs more sustainable and long-lasting continues to be cumbersome. For instance the growth performance of LDCs has not been accompanied by structural transformation in their economies, implying high degree of vulnerability to shocks and crises. Moreover, the form and quality of economic growth observed in LDCs remained poor.

2. UNCTAD’s contribution

82. UNCTAD has been tracking the progress made towards meeting the goals and targets of the programme of action. It also provides policy recommendations to effectively address the gaps and constraints undermining the growth and development prospects of LDCs. For instance, the 2008 *Least Developed Countries Report* argued that the impact of high growth has been uneven, non-inclusive, and hence, non-sustainable.

83. A comprehensive report on the contribution of UNCTAD to the implementation of the goals and targets of the programme of action for LDCs is contained in TD/B/54/2.

UNCTAD technical cooperation and capacity-building activities in trade, investment, technology and logistics are important in supporting the development efforts of LDCs. For instance, through its specialized software-based institutional support programmes such as ASYCUDA, UNCTAD has been contributing to efforts to enhance institutional and human resources capacities in LDCs. Impressive results have been achieved in the collection of revenues, including in post-conflict countries and LDCs.

84. As part of efforts to identify potential and new areas for growth and development in LDCs, UNCTAD has also been implementing specific projects in selected countries on emerging export items of trade interest to LDCs. The work of the secretariat in this area includes undertaking case studies on new sectors such as fishery, horticulture and tourism. The policy findings of the case studies indicate that, despite the many and complex obstacles they face, there is considerable scope for many LDCs to join the group of successful exporters in these non-traditional export areas.

B. Small island developing States

UNCTAD's contribution

85. The secretariat continued to provide technical support to SIDS, including though its work on vulnerability profiles of LDCs that were meeting graduation thresholds. In this regard, vulnerability profiles for four graduation cases (Equatorial Guinea, Kiribati, Tuvalu and Vanuatu), together with assessment of their structural progress towards graduation, was prepared by the secretariat. The profile is a technical input to the work of the Committee for Development Policy (CDP) on issues related to graduation and "smooth transition".

86. In anticipation of the 2009 review of the United Nations list of LDCs, UNCTAD undertook several country-specific activities. The secretariat organized advisory missions and several briefing sessions in Malabo, Equatorial Guinea, at different levels of decision-making within the Government (including the Prime Minister). UNCTAD also prepared a vulnerability profile in accordance with UNCTAD's mandate from the General Assembly (resolution 59/209). In March 2009, the CDP recommended Equatorial Guinea's graduation, which would take place in January 2013. The matter will be on the agenda of the Economic and Social Council at its 2009 substantive session.

C. Landlocked and transit developing countries

UNCTAD's contribution

87. On landlocked developing countries (LLDCs), the core mandate for UNCTAD relates to the implementation of the Almaty Plan of Action (APOA) adopted in 2003. The Accra Accord also emphasized the problems of LLDCs and strengthened the mandate of UNCTAD in support of their trade and development efforts. The high transport costs facing LLDCs have become a serious restrictive barrier to trade for these countries. The assessment so far shows that LLDCs continue to pay as much as 40 per cent for transport cost on their exports.

88. In July 2008, UNCTAD organized a Global Preparatory Meeting on the Mid-Term Review of the Implementation of the APOA to review the recent progress made in matters related to trade facilitation for the benefit of LLDCs and to look at new opportunities for the next APOA half-term of five years until 2013. In addition, UNCTAD – in collaboration with the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States and the World Bank – organized a High-level Investment Forum on 1 October 2008 in New York.

The objective of the forum was to bring together policymakers and private sector practitioners from LLDCs, as well as current and potential international investors to analyze current trends in FDI flows to LLDC and explore future opportunities for FDI.