



**United Nations  
Conference  
on Trade and  
Development**

Distr.  
GENERAL

TD/B/EX(40)/2  
4 December 2006

Original: ENGLISH

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TRADE AND DEVELOPMENT BOARD

Fortieth executive session

Geneva, 14 December 2006

Item 2 of the provisional agenda

**REPORT OF THE UNCTAD PANEL OF EMINENT PERSONS ON  
“ENHANCING THE DEVELOPMENT ROLE AND IMPACT OF  
UNCTAD”**

**Reflections by the Secretary-General of UNCTAD  
on the Panel’s recommendations<sup>1</sup>**

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<sup>1</sup> This document was submitted on the above-mentioned date as a result of processing delays.

## INTRODUCTION

1. In the agreed outcome of the Mid-term Review of the implementation of the São Paulo Consensus, the Trade and Development Board agreed to commence “intergovernmental consultations which will include, *inter alia*, the report of the Panel of Eminent Persons established by the Secretary-General of UNCTAD on possible ways of enhancing the development role and impact of UNCTAD, in the light of its mandate and in accordance with the agreed outcome” (TD/B(S-XXIII)/7 (Vol. I), paragraph 48 (a)). Accordingly, at its fifty-third session, the Board decided to convene an executive session on 14 December 2006.

2. In accordance with the Board’s decision, member States have before them the report of the UNCTAD Panel of Eminent Persons entitled “Enhancing the Development Role and Impact of UNCTAD” (UNCTAD/OSG/2006/1). The report was first presented to member States on 21 June 2006 by H.E. Mr. F. Cardoso, the Chair of the Panel and former President of Brazil.

3. The Panel was established in October 2005 to advise the Secretary-General of UNCTAD on how to enhance the development role and impact of UNCTAD and to identify possible strategies for UNCTAD to follow in order to fulfil its development mission and mandates, as contained in the Bangkok Plan of Action and the São Paulo Consensus. The report addresses the problems and challenges of the future of the organization in several ways, and offers 21 pragmatic recommendations aimed at strengthening the functioning of UNCTAD.

4. The report contains three types of recommendations. Some of them fall within the purview of the Secretary-General of UNCTAD to implement. Others will require the approval of member States. Still other recommendations call for consideration by the Secretary-General of the United Nations in the context of the current UN reform. The present document contains reflections on those recommendations, as requested by member States during informal consultations of the President of the Board in November 2006. It will identify those recommendations within the purview of the Secretary-General of UNCTAD and shed some light on the other recommendations and on the process for their implementation. With regard to the latter, it is hoped that the ideas and recommendations emerging from the report will be an important part of preparations for UNCTAD XII.

### I. UNCTAD'S RAISON D'ÊTRE AND THE DEVELOPMENT CAUSE

5. The report's first recommendation calls for UNCTAD “to be a leader in identifying and analysing key emerging issues, such as “aid-for-trade”, skills availability and “brain drain”, and an investment-for-development framework, and to advocate pragmatic solutions to today's and tomorrow's most salient development challenges”. This recommendation is in line with the agreed outcome of the Mid-term Review, by which the Board agreed that “UNCTAD’s research and analysis should be development-oriented, independent, and grounded in solid evidence, and provide ahead-of-the-curve and innovative work on trade and development and related issues, challenging conventional wisdom when necessary, and examining all related issues of the international economic system in the context of their relationship with trade and development” (TD/B(S-XXIII)/7 (Vol. I), para. 28). The secretariat has already begun implementing these recommendations. For the 2007 flagship publications, we have selected key and strategic issues of direct and immediate relevance for developing

countries and economies and transition with a view to identifying policy responses and implications for trade and development. These include the role of foreign investment in the development of extractive industries, the impact of regional integration on trade and development, domestic resource mobilization in Africa, etc.

## **II. UNCTAD'S STRATEGIC POSITIONING AND ALLIANCES**

6. Chapter II of the report addresses and provides action-oriented recommendations on a number of key issues including: the problem of duplication of work and incoherence in the UN system and the need to strengthen collaboration among UN agencies (recommendation 2); UNCTAD's core competencies and expertise and how these could be enhanced and focused (recommendation 3); and how UNCTAD should position itself within the UN system and secure a clearer division of labour and formulate partnerships, including with civil society and the private sector (recommendations 3-6). The innovative and practical ideas on enhancing the collaboration between UNCTAD and other UN agencies and international organizations (recommendation 5), as well as civil society (recommendation 6), are worth exploring. Similarly, the proposal to better position UNCTAD strategically through strengthening of core areas of work on the basis of three principal criteria, namely comparative advantages, differentiation and complementarity, and strategic and catalytic intervention (recommendation 4), deserves serious consideration by member States. This calls for careful assessment of the organization's wide-ranging mandates, focusing on areas where UNCTAD can deliver efficiently and with maximum impact. In the areas of collaboration with other organizations, it is the intention to review all the existing partnership arrangements between UNCTAD and other UN departments, regional commissions and development institutions with a view to formulating a viable strategy for more effective inter-agency coordination and cooperation. As suggested by the Panel, the idea of staff exchanges is already under discussion with the heads of the regional commissions, as a prelude to possible Joint Units.

7. On the matter of civil society engagement, the secretariat is looking into a number of aspects of UNCTAD's work where improvements could be made in this regard. It will be important to engage grassroots NGOs from the South in UNCTAD's work in order to provide a platform on which the often-neglected voices of Southern civil society organizations and NGOs can be heard and followed up on.

## **III. MAKING UNCTAD MORE EFFECTIVE AND EFFICIENT**

### **A. Research and policy analysis**

8. The Eminent Persons' report provides three suggestions with regard to improving the relevance, coherence and impact of UNCTAD's research and policy analysis, namely to establish a global network of development think tanks (recommendation 7), to establish a consultative group of eminent development economists (recommendation 8), and to strengthen its key research work and limit the number of marginal publications (recommendation 9). It also calls for a more effective communication and dissemination strategy for UNCTAD's research "products". These three recommendations reinforce the consensus reached at the recent Mid-term Review on the need to strengthen UNCTAD's research and analysis capacity and its relationship with and impact on the other two pillars of UNCTAD.

9. With regard to the creation of a global network of development think tanks (recommendation 7), it is vital to identify the right institutions as partners and to include those that are engaged in policy advocacy and provide direct inputs into the national development strategy-making processes. There are numerous such examples from both developed and developing countries, as well as economies in transition. In the case of China, for example, these functions are performed by the Development Centre of the State Council and the Research Bureau of the State Council. In the case of the United States, they are entrusted to, among others, the Council of Economic Advisors to the President. In Kenya, there is the African Economic Research Consortium, in Argentina there is the Centro de Estudios para el Desarrollo (CEDES), and in Ecuador there is the Instituto Latino-Americano para Estudios Sociales (ILDIS). In Thailand, institutions such as the Thailand Development Research Institute fulfil these functions. A good example from India would be the Council for Research on International Economic Relations. In the United Kingdom, Chatham House plays an important policy advocacy role. Other examples include the Institute for Strategic and International Studies in Indonesia, the Malaysian Institute of Economic Research, the Singapore Institute for Public Studies, and the Institute of Development Studies of the Philippines.

10. Establishing a network between UNCTAD and such high-profile and highly influential institutions, particularly those in developing countries, could be an important strategic asset for UNCTAD. The merits of this proposal are twofold. On the one hand, as an international development think tank and also an intergovernmental organization, UNCTAD could provide a forum for the exchange of views, experiences and best practices among national development think tanks, without duplicating their work. On the other hand, the interaction with national development think tanks could enhance the relevance of UNCTAD's research work and help in disseminating the organization's output. This view is also reflected in the agreed outcome of the Mid-term Review (para. 30(f)). The secretariat therefore intends to begin identifying the relevant think tanks in consultation with member States and formally launch the establishment of a global network of development think tanks at UNCTAD XII.

11. As a knowledge-based organization, UNCTAD should keep up with the current economic and development debate and ensure that its research and analysis work and intergovernmental discussions are based on credible data and well-researched analysis. This calls for a closer working relationship with eminent personalities in the economic and development field. It is in this context that the Eminent Persons' report proposes the establishment of a consultative group of eminent development economists (recommendation 8) to advise UNCTAD on its overall research approach and policy thrust. The idea is not for these economists to dictate UNCTAD's policy direction or to supervise UNCTAD's work. This is the role of member States. The intention is simply to solicit insights and feedback from eminent development economists who specialize in the specific areas that fall within UNCTAD's mandates. This matter will be pursued. It is intended to establish the Advisory Board of Eminent Economists in time to provide ideas to member States and the secretariat during the preparations for UNCTAD XII.

12. Another important area addressed by the report is the need to strengthen key research products and streamline the numerous marginal publications (recommendation 9) in order to ensure that sufficient resources are allocated to flagship reports in each of UNCTAD's major areas of work. This recommendation deserves serious consideration and is in line with current thinking in the secretariat and the wishes of member States in terms of improving in the quality of UNCTAD's publications, as highlighted in the outcome of the Mid-term Review.

There are a number of steps that can be considered in this regard. UNCTAD's numerous publications need to be grouped into a number of major study series, so that key and emerging development issues can be dealt with in a systematic and coherent manner. It will also be necessary to review UNCTAD publications and reduce their number, so that resources are diverted to key research areas identified in the Bangkok Plan of Action and the São Paulo Consensus. A stronger internal review mechanism is being established to deal with this matter. It will also be important to overcome the mentality of "the more the better". More emphasis has to be put on the quality of UNCTAD products, and UNCTAD has to be held accountable for its policy analysis and advice, as poor-quality research can lead to erroneous conclusions and confusing policy messages.

13. On the question of outreach and dissemination, the Panel was right to point out that UNCTAD has serious limitations in respect of disseminating its research and analysis work and making its technical cooperation work widely known among the beneficiary countries. This point was also highlighted by member States during the deliberations in the context of the Mid-term Review. Indeed, mindful of this limitation, the Board recommended that UNCTAD strengthen its research and analysis by "developing an effective dissemination and communication strategy, targeted at a wider audience, including policy makers and other stakeholders, particularly in developing countries" (para. 30(h)). The secretariat is following up on this recommendation, including through implementation of a modern communications and dissemination strategy.

### **B. Intergovernmental consensus-building**

14. UNCTAD renews its mandates every four years, but the intergovernmental structure for carrying out these mandates has remained unchanged since UNCTAD IX in 1996. In other words, UNCTAD has been employing old machinery to implement the new mandates established at Bangkok and São Paulo. The continuing need for an intergovernmental forum within the UN system to address current and potential trade-and-development-related challenges facing developing countries is widely recognized. The question is whether the current institutional set-up is efficient and effective. If it is not, how can it be made more effective in terms of implementing the new mandates of UNCTAD XII and having a greater impact on the "real world"? These are some of the issues that the Eminent Persons addressed in their deliberations and final report.

15. The recommendations of the Eminent Persons' report regarding UNCTAD's intergovernmental work focus on three aspects, namely the culture of the intergovernmental deliberations, the institutional set-up, and the format of its outputs. The Eminent Persons' proposals in this regard are thought-provoking and merit careful consideration by member States.

16. The report addresses issues related to the culture within which change can be generated (recommendations 10-11) and appeals for a new intergovernmental culture and working environment in UNCTAD. The call for member States to "overcome confrontational attitudes, build trust and create a comfort zone that nurtures a spirit of development partnership and 'shared success'" (recommendation 10) is one of the central messages of the report. Indeed, confrontation leads nowhere and often results in lose-lose situations. Ultimately though, the losers are the many developing countries that need the support and services of UNCTAD. The goal should be to build trust and a level of comfort that creates a win-win situation and a "partnership spirit" in UNCTAD.

17. The report's recommendation concerning the Group system (recommendation 11) should be seen within the same context. In making the recommendation, the Panel considers that such an approach would enhance flexibility and facilitate consensus-building with the participation of all member States. With regard to expert meetings, the Panel recommends the establishment of a fund to finance the participation of developing country experts in UNCTAD meetings (recommendation 12). As member States are aware, extensive consultations have been conducted with a selected number of member States from developed countries and developing countries that are in a position to contribute. To date, only four countries, namely China, India, Ireland and Italy, have pledged support (totalling \$95,000) for the financing of experts. On the one hand, the generosity of these countries is encouraging, and it is hoped that this will serve as a good example for others. On the other hand, however, the amount pledged is insufficient, and the fact that only four countries have expressed their willingness to provide financial support indicates that the current system is unsustainable. A solution must therefore be found urgently. In this respect, the Eminent Persons' report presents ideas on how to make the financing of experts more predictable and the contributions of experts more relevant. These ideas deserve serious consideration by member States, as the point is rapidly being reached where experts from developing countries will not be able to participate in UNCTAD expert meetings.

18. The recommendation to increase the relevance of the outcomes of the intergovernmental machinery, both from a substantive point of view and in terms of its interconnectedness with the other pillars of UNCTAD's work (recommendation 13), represents a pragmatic and viable approach that merits careful consideration. It should be noted that developing policy instruments does not necessarily mean shifting the organization's mandate into the realm of rule-setting. Rather it means providing useful policy toolkits for use in achieving pragmatic results and inputs to national policy-formulation and international rule-making processes.

19. With regard to the structure of UNCTAD's intergovernmental machinery, the report's recommendations (14 to 17) provide a series of concrete ideas that member States should consider and/or adapt. The report suggests, for example, that the current expert group meetings be transformed into Standing Expert Groups that focus on key development topics over an extended period of time (recommendation 14). This proposal has great merit and would help address concerns about impact. This holds especially true in light of the positive experiences with the two existing "standing" expert groups, namely the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) and the Intergovernmental Group of Experts on Competition Law and Policy. Furthermore, the Mid-term Review tabled a similar proposal in paragraph 32(h) of its agreed outcome.

20. The report also proposes a consolidation and rationalization of the existing three Commissions (recommendation 15). The proposal is not radical. It foresees the reorganization of the existing Commissions to address three key areas of direct relevance to UNCTAD, namely trade, investment and technology. The logic is to streamline the agendas of the Commissions so that they focus on UNCTAD's core areas of work and enable member States to address them in a more effective and integrated manner. The purpose is not, therefore, to reduce the range of issues covered by the three Commissions, nor is it to weaken the treatment of the issues concerned. On the contrary, the objective is to generate in-depth and more focused discussion. All the issues currently dealt with by the Commission on Enterprise, Business Facilitation and Development (trade facilitation and enterprise

internationalization) can be incorporated into the work of the Commissions on Trade and Investment.

21. The report also proposes the establishment of a commission to deal with the issue of technology. The São Paulo Consensus calls for the strengthening of UNCTAD's technology work in terms of both policy analysis and in-depth research on best practices in technology transfer and technological upgrading. At the time of drafting of the report, the Eminent Persons were awaiting the decisions of ECOSOC on the role of the Commission on Science and Technology for Development (CSTD) in the follow-up to the World Summit on the Information Society. The Eminent Persons considered the possible reorientation of the work of the CSTD towards information and communication technologies and its implications for the Commission's broader science and technology issues, and they felt that a possible third commission on this issue could ensure the continuation of traditional technology work (i.e. technology transfer, science and innovation) within UNCTAD. This would also have allowed the technology issue to be dealt with fully and effectively in the context of UNCTAD's full membership, instead of by an expert body with limited membership (i.e. the CSTD under ECOSOC). However, since then, ECOSOC has taken its decisions, and the CSTD is to retain its traditional mandates, which makes the Eminent Persons' recommendation to establish a commission on technology less imperative. At the same time, member States will recall that, in paragraph 32 (g) of the outcome of the Mid-term Review, the Board recommended that consideration be given to the possibility of creating a Commission on Globalization and Systemic Issues, and they may wish to take this matter up in the context of UNCTAD XII.

22. With regard to the Trade and Development Board (TDB), the Panel members reviewed its working methods and its effectiveness as a forum for consensus-building. They also considered the value and contributions of the high-level segment of the Board and ways in which it could be made more effective. The innovative ideas presented in the report on how the role and structure of the Board could be improved are worth exploring (recommendation 16). However, the proposal should be considered in conjunction with the Panel's recommendation to establish a global network of development think tanks (recommendation 7), the annual deliberations of which would enrich the TDB's discussions. The Panel also feels that UNCTAD's high-level segment is neither high-level nor effective in generating the types of policy dialogue and interactions needed to make the Board a truly consensus-building forum. The Panel proposes to replace it either by a multi-stakeholder dialogue (i.e. including representatives of the private sector and civil society) or by a biennial Global Forum for Trade, Investment and Development. The Panel believes a Global Forum on major issues falling within UNCTAD's core competence will attract high-level participation from main-line ministries and other stakeholders. The pros and cons of these proposals will need to be examined carefully.

23. Similarly, the Panel's proposal to "biennialize" the Conference (recommendation 17) merits serious consideration. A Conference every two years would contribute to keeping the organization's mandates up-to-date and in line with the latest developments, aligning the organization's budgetary process with the UN's overall budget cycle and involving different stakeholders. It could strengthen the functions of the TDB in respect of providing guidance concerning the implementation of mandates and render the Mid-term Review process obsolete. Convening the Conference every two years with one overarching theme at a time could make the event better focused and help attract ministers from other ministries in addition to those dealing with trade. The key point is that the Conference should be focused more on addressing major emerging substantive issues of "real-world" relevance, rather than

on negotiating the organization's own mandates and work programme. In terms of efficiency, gains from the shorter duration of the Conference and the preparatory process, as well as the elimination of the mid-term review process between Conferences, should justify the greater frequency of the Conference.

24. Regardless of whether the Conference is "biennialized" or not, the Global Forum for Trade, Investment and Development – aside from its own merits (for example with regard to the effective involvement of multi-stakeholders) – could serve as a substantive preparatory event for the Conference. One of the advantages of such an arrangement is that the "collective brainstorming" process of the Global Forum could generate ideas for draft Conference outcomes and thus promote a "partnership" approach.

### **C. Technical assistance**

25. Concerning technical assistance work, the Eminent Persons believe that UNCTAD should increase its participation in country-level mechanisms and regional development programmes (recommendation 18); consolidate the vast array of its projects into four-to-five major technical cooperation programmes (recommendation 19); diversify its funding base (recommendation 19); and consider establishing an advisory body for technical assistance (recommendation 20).

26. The suggestion to realign UNCTAD's technical assistance approach with the overall strategic shift in the UN's technical assistance efforts at the country level in order to create "a more effective, efficient, coherent, coordinated and better-performing United Nations country presence" is excellent and deserves serious consideration. UNCTAD lacks country presence and does not contribute significantly to the UN system-wide country-level technical assistance programme. Furthermore, at the national level there are several different counterparts with whom UNCTAD cooperates, further contributing to fragmentation. As a result, the potential contributions of UNCTAD's technical assistance have not been fully recognized at the country level by Governments and others. Implementing the Panel's recommendations will increase UNCTAD's presence and relevance at the country level and will also be in line with the outcome of the 2005 World Summit. While following the overall trend within the UN system-wide approach of "delivering as one" at the country level, UNCTAD will continue to provide technical assistance to developing countries at interregional, regional and subregional levels.

27. With regard to recommendation 19, a clarification is warranted. UNCTAD is faced with a number of challenges in its technical assistance delivery. Its technical cooperation programmes are spread thinly over a large number of countries and projects and supported by relatively modest resources. This has been the focus of criticism by auditors and evaluators. UNCTAD needs to further align its technical assistance activities with its key mandates, i.e. to consolidate its numerous technical assistance projects into a limited number of major technical assistance programmes centred on overarching themes with a view to maximizing impact and efficiency. This programme approach would also help increase the predictability and sustainability of UNCTAD technical assistance activities, as well as their flexibility in response to the needs of developing countries

28. Many of these issues were discussed during the Mid-term Review, as reflected in the agreed outcome (paras. 33–38). As part of the organization's internal reform efforts, an interdivisional technical cooperation review committee is currently being established to review and monitor technical assistance project proposals and strengthen the links between



research and analysis work and technical cooperation and improve on delivery, reporting and fundraising.

29. Concerning the financial aspects of technical assistance, the Panel's concerns about resource limitations and the need to broaden the funding base are fully justified and it will be useful to hear delegations' views on this matter, especially with regard to the question of tapping into bilateral donor country programmes.

30. The Panel's report also suggests the establishment of a new mechanism to deal with technical assistance coordination and cooperation (recommendation 20). In essence, this recommendation is aimed at bringing on board representatives of relevant national development assistance and recipient agencies for UNCTAD's deliberations on technical-cooperation-related matters. The idea here is to ensure that UNCTAD's extrabudgetary contributions and activities are in line with the actual needs of developing countries and to establish joint programming for technical cooperation, instead of ad hoc donor-driven or secretariat-driven project financing.

#### **D. Synergies and coherence**

31. The question of increased synergies and coherence within the organization, as well as of its cooperative relationships with other international organizations, is addressed in recommendation 21. These issues stand at the core of efforts to reinvigorate the organization, and the Panel is correct in saying that a central mechanism to deal with vertical and horizontal integration within the organization, as well as interagency matters, would help to address UNCTAD's shortcomings in this regard. Indeed, a process has been initiated where major publications by the secretariat benefit from interdivisional inputs and exchange of views, taking into consideration the integrated approach to UNCTAD's work. Furthermore, a Science and Technology Board has been launched under the chairmanship of the Deputy Secretary-General to coordinate secretariat-wide work in the areas of technology and ICTs. The secretariat is also pursuing the report's suggestions concerning the setting-up of an inter-divisional "fire-fighting capacity" and an ad hoc core strategic policy advisory team.

#### **IV. THE WAY FORWARD**

32. The most important overall message of the Eminent Persons' report is that UNCTAD's *raison d'être* is still valid and that the organization needs to be strengthened, not weakened. This is a strong message for the UN system-wide reform process. It is based on four important points. First, the report calls for the institution to adapt to the changing global environment and circumstances. Second, it appeals for a spirit of partnership and "shared success". Third, it focuses on efficiency, effectiveness and impact. And fourth, it reaffirms the organization's standing as a think tank that is anchored on three pillars and is ahead of the curve. UNCTAD needs to heed this call and rise to the challenge set by this message. It must not shy away from this task.

33. UNCTAD XII may thus need to deal with two sets of issues, namely institutional issues and substantive issues. Both should form part of the preparatory process for the Conference, and that process should be transparent and open-ended.

34. The report of the Eminent Persons is on the table at a point in time that calls for reflection and renewed commitment, as UNCTAD will soon be embarking on the preparations for UNCTAD XII in Ghana. The report merits careful consideration with a view

to ensuring the continued and effective realization of the objectives of the organization. It is sincerely hoped that member States will consider the report carefully, and the secretariat will work closely with member States in order to enhance the development role and impact of UNCTAD.

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