

United Nations Conference on Trade and Development

Distr.: General 14 July 2011

Original: English

Trade and Development Board Fifty-third executive session Geneva, 27–28 June and 11 July 2011

Report of the Trade and Development Board on its fifty-third executive session

Held at the Palais des Nations, Geneva, on 27-28 June and 11 July 2011

Introduction

The fifty-third executive session of the Trade and Development Board was opened by Mr. Luis Manuel Piantini Munnigh (Dominican Republic), President of the Board, on Monday, 27 June 2011. In the course of the session, the Board held four plenary meetings, the 1067th to the 1070th.

I. Action by the Trade and Development Board on substantive items on its agenda

A. Cooperation between UNCTAD and the Inter-Parliamentary Union

Decision 506 (EX-53)

The Trade and Development Board,

Recalling General Assembly resolutions 57/32 and 57/47,

Recognizes the unique inter-State character of IPU;

Decides to align the modalities for its cooperation with IPU with the practices of the General Assembly;

Decides to remove IPU from the list of NGOs having status with UNCTAD and to list it as an observer international organization of parliamentarians.

1070th plenary meeting 11 July 2011

B. Arrangements for the participation of non-governmental organizations in the activities of UNCTAD

Decision 507 (EX-53)

The Trade and Development Board,

Recalling Economic and Social Council resolution 1996/31 and paragraph 35 (f) of the UNCTAD communications strategy (TD/B/56/9/Rev.1) adopted by the Board at its fifty-sixth session,

Taking note of the secretariat note contained in document TD/B/EX(53)/6,

Decides that, henceforth, national, regional and subregional non-governmental organizations, as well as the national affiliates of international non-governmental organizations already in status with UNCTAD, are eligible to apply for consultative status with UNCTAD in accordance with the existing applicable procedures and practices for the participation of non-governmental organizations in the activities of UNCTAD.

1070th plenary meeting 11 July 2011

C. Accreditation of civil society organizations for the purposes of UNCTAD-XIII

Decision 508 (EX-53)

The Trade and Development Board

1. Decides to adopt the same arrangements for the accreditation and participation of civil society in UNCTAD-XIII and its preparatory meetings as at past Conferences, on the understanding that all applications for accreditation will be submitted to member States for approval; civil society organizations that were accredited to UNCTAD-XII may apply for accreditation to UNCTAD-XIII without the necessity to resubmit the related documentation;

2. *Further decides* that two hearings with civil society, parliamentarians and the private sector will be convened within the framework of the Preparatory Committee for UNCTAD XIII.

1070th plenary meeting 11 July 2011

D. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary bodies

1. Report of the Trade and Development Commission on its third session, and agenda for its fourth session

(Agenda item 3(a))

1. The Board took note of the Report of the Trade and Development Commission on its third session (TD/B/C.I/21) and endorsed the agreed conclusions contained therein. The Board decided to postpone the fourth session of the Trade and Development Commission until late 2012. The agenda and topics for the fourth session of the Commission were to be decided as soon as possible after UNCTAD–XIII, to be held in Doha, Qatar, in April 2012.

2. Report of the Investment, Enterprise and Development Commission on its third session, and agenda for its fourth session

(Agenda item 3(b))

2. The Board took note of the Report of the Investment, Enterprise and Development Commission on its third session (TD/B/C.II/15). The Board decided to postpone the fourth session of the Investment, Enterprise and Development Commission until late 2012. The agenda and topics for the fourth session of the Commission were to be decided as soon as possible after UNCTAD–XIII.

3. The Deputy Secretary-General of UNCTAD, Mr. Petko Draganov, pledged the secretariat's full cooperation in implementing the decisions of the Board regarding the Commissions. Depending on the topics chosen for the Commission sessions, and when they were chosen – he said that the secretariat might request from the Board some flexibility concerning submission dates for pre-sessional documentation. That notwithstanding, he assured the Board that the secretariat would do its utmost to ensure that high-quality documentation was prepared in a timely manner so that the Commissions could fulfil their mandates effectively.

3. Topics for upcoming single-year expert meetings

(Agenda item 3(c))

4. The Board decided – on an exceptional basis and without setting a precedent – that the two single-year expert meetings for the current cycle would not take place.

4. Report of the Working Party

(Agenda item 3(d))

5. The Board took note of the Report of the Working Party on the Strategic Framework and the Programme Budget on its fifty-seventh session (TD/B/WP/227) and endorsed the agreed conclusions contained therein. It also took note of the Report of the Working Party on the Strategic Framework and the Programme Budget on its fifty-eighth session (TD/B/WP/230).

5. Draft terms of reference for the Working Party

(Agenda item 3(e))

6. The Board decided to seek clarification from United Nations headquarters in New York concerning subparagraphs 1(a) and 1(g) of the document "Draft terms of reference for the Working Party" (TD/B/EX(53)/4). In the meantime, it decided to postpone adoption of the draft terms of reference for the Working Party until the next appropriate session of the Trade and Development Board.

E. Institutional, organizational, administrative and related matters

1. Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

(Agenda item 4(a))

7. The Board approved the applications of LDC Watch and Consumer Unity and Trust Society (CUTS) International as contained in documents TD/B/EX(52)/R.1 and TD/B/EX(52)/R.2.

2. Cooperation between UNCTAD and the Inter-Parliamentary Union

(Agenda item 4(b))

8. The Board adopted the draft decision contained in document TD/B/EX(53)/5. See chapter I above.

3. Arrangements for the participation of non-governmental organizations in the activities of UNCTAD

(Agenda item 4(c))

9. The Board adopted the draft decision contained in document TD/B/EX(53)/6. See chapter I above.

4. Accreditation of civil society organizations for the purposes of UNCTAD-XIII

(Agenda item 4(d))

10. The Board adopted the draft decision contained in document TD/B/EX(53)/7. See chapter I above.

F. Report of the Sixth United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices

(Agenda item 5)

11. The Trade and Development Board welcomed the "Report of the Sixth United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices" (TD/RBP/CONF.7/11) and the resolution contained therein.

G. Report of the Board on its fifty-third executive session

(Agenda item 7)

12. The Trade and Development Board authorized the Rapporteur to finalize the report of its fifty-third executive session.

II. President's summary

A. Opening of the session

13. The following speakers made statements: Mr. Petko Draganov, Deputy Secretary-General of UNCTAD; the representative of Lesotho, speaking on behalf of the Group of 77 and China; the representative of Ghana, speaking on behalf of the African Group; the representative of the European Union; the representative of Nepal, speaking on behalf of the Least Developed Countries (LDCs) Group; the representative of El Salvador on behalf of the Group for Latin America and the Caribbean (GRULAC); the representative of China; the representative of Ethiopia; and the representative of Thailand.

14. The Deputy Secretary-General noted that Africa was bouncing back from the recent economic crisis, but that challenges remained. Rising food prices were a concern, and engaging in structural transformation to reduce dependence on commodities and accelerate economic diversification remained important objectives for the region. Meanwhile, the weak recovery of Africa's traditional trading partners in the North implied that the region needed to remain vigilant about the sustainability of its own recovery. The Deputy Secretary-General said that aid should be seen as part of a broader development agenda, and countries also had to build their productive capacities and enhance domestic resource mobilization to lessen dependence on aid. He said that UNCTAD had agreed to focus on (a) enhancing coherence at all levels to achieve sustainable economic development and poverty reduction, especially through greater regional integration and cooperation; (b) further enhancing the role of trade as an engine of development, including poverty reduction; (c) enhancing the enabling environment at all levels to strengthen productive capacities, trade and investment; and (d) strengthening UNCTAD itself.

15. Delegates noted that the recent positive economic performance of developing countries had been due in large part to high but volatile commodity prices. Official development assistance (ODA), foreign direct investment (FDI) inflows, remittances, mobilization of domestic resources, and other innovative resource-raising efforts that were needed to finance development, continued to be critical. Technical assistance and capacity–building also remained crucial. Appreciation was expressed for UNCTAD's efforts in the field of agriculture.

16. Speakers called for an intensification of UNCTAD's efforts in Africa in its three pillars of research and policy analysis, technical cooperation and consensus-building. More concrete means were also called for on how UNCTAD could collaborate with governments, development partners and institutions of the African region in order to more directly contribute towards the implementation of the African Union (AU)/New Partnership for Africa's Development (NEPAD) Programme in more direct and significant ways. Some delegates called for strengthening the Division for Africa, Least Developed Countries and Special Programmes (ALDC).

17. It was felt by some that (a) the current aid regime too often reflected the priorities and interests of donors, rather than the real needs and priorities of recipients; (b) the global aid regime was outdated; (c) the current aid architecture confused means for ends; and (d) there was a disquieting and persistent challenge of aid commitments *versus* delivery gap.

18. Some delegates expressed the view that, while Africa's development needed to be led from within by Africans themselves, there was also the need for the international development community to accompany Africa on this journey through policy advice and technical assistance, and by promoting the sharing of best practices and experiences from other regions.

19. Some delegates felt that the third session of UNCTAD's Investment, Enterprise and Development Commission, which took place in May 2011, provided for useful discussions regarding the promotion of investment for development, confirmed the vital importance of infrastructure development, and enhanced productive capacities as key elements for sustainable economic growth and poverty reduction for developing countries. However, some thought it was regrettable that the Commission had failed to reach agreed conclusions within the scheduled time of its session. Nevertheless, delegates encouraged the Commission to continue its high quality work, which was considered to be very useful.

20. Delegates felt that the Trade and Development Commission, which took place in June 2011, brought up two very interesting and relevant issues, namely the assessment of the evolution of the international trading system and the enhancement of its contribution to development and economic recovery, as well as the integration of developing countries in global supply chains, including through adding value to their exports. Delegates said they would welcome continued research and analysis by UNCTAD, both at the national and international levels, towards assisting developing countries to integrate into the global supply chains. Regional as well as South–South and Triangular cooperation was felt to be necessary to enhance the productive capacities of African economies.

21. Delegates welcomed the session's focus on Africa. They also praised the themes and sub-themes chosen for UNCTAD–XIII. Delegates also praised the document prepared by the UNCTAD secretariat, "Activities undertaken by UNCTAD in support of Africa" (TD/B/EX(53)/2), and called for different regions that shared the same problems to cooperate with African countries.

B. Activities undertaken by UNCTAD in support of Africa

(Agenda item 2)

22. The Board took note of the two documents prepared by the secretariat: (a) "Activities undertaken by UNCTAD in support of Africa" (TD/B/EX(53)/2) and; (b) "Enhancing aid effectiveness: from Paris to Busan" (TD/B/EX(53)/3). The secretariat provided an overview of the activities carried out by UNCTAD in the period under review. Many delegates expressed their appreciation of UNCTAD's research, technical cooperation and consensus-building activities, and their contribution to economic development in Africa.

23. During the interactive debate that followed the presentation by the secretariat, several delegates noted that Africa's recent economic performance largely reflected the effects of booming commodity prices, which contributed to macroeconomic instability in the region. Much remained to be done in the areas of improving "soft infrastructure" (such as the legal, regulatory and financial systems), "hard infrastructure" (such as roads and bridges), upgrading productive capacities in non-extractive primary sectors, enabling engagement of firms in value addition and global supply chains, intensifying regional activities, boosting intra-African trade, lessening food insecurity and raising the quality of growth. Such activities would require ODA, FDI, remittances, mobilization of domestic resources and other innovative resources for financing development.

24. Appreciation was expressed for UNCTAD's work in drawing the attention of policymakers to the need to develop productive capacities, especially in the field of agriculture. There were calls for UNCTAD to intensify its work in order to support the implementation of the recently concluded Istanbul Programme of Action. There was a call for UNCTAD to implement some of the ideas and recommendations of its *Least Developed Countries Report, 2010: Towards a New International Development Architecture for LDCs* and its *Economic Development in Africa Report 2010: South–South Cooperation: Africa and the New Forms of Development Partnership.* It was recognized that the State needed to be strengthened for it to play a critical developmental role, especially in least developed countries (LDCs).

25. The report "Activities undertaken by UNCTAD in support of Africa" was positively received by delegates. Many of them appreciated the fact that the secretariat had made efforts to highlight the impact of its activities in Africa as recommended in previous executive sessions of the Trade and Development Board. Delegates stressed the need for the report to continue emphasizing the impact of UNCTAD's work as the international development community was pressing for greater aid and development effectiveness. One delegate noted that UNCTAD's activities in Africa were aligned with national and regional development programmes and were demand-driven. However, it was suggested for UNCTAD to engage with beneficiaries to undertake more focused and area-specific assessments to ensure more effective contributions. It was also suggested for UNCTAD to engage in technical cooperation activities when such activities had the potential for increasing value added and for having a valuable impact on developing countries, and that the impact of such activities should be assessed.

26. UNCTAD was commended for the setting up of a NEPAD Steering Group for strengthening internal coordination of its activities in support of Africa. One delegate suggested that UNCTAD should collaborate with the International Institute for Trade and Development (ITD) of Thailand to do joint work on the impact and developments of trade liberalization in African countries. Interest was also expressed by some delegates for an intensification of exchanges in terms of lessons learnt between the Latin American and Caribbean region and Africa.

27. One delegate called for UNCTAD to strengthen its interventions in Africa in the following areas: the development of insurance, the fostering of industrial development and technological upgrading, aid for trade, climate change and ICT. Another delegate called for new measures to be developed to enhance technology development and diffusion, including renewable energy technology through strategies such as public–private partnerships and the use of FDI. The same delegate encouraged UNCTAD to assist African economies in the area of statistics and data collection in order to facilitate proper investment decisions by foreign investors and small and medium-sized enterprises (SMEs). It was suggested that UNCTAD should focus its research issues in Africa in the field of regional integration, economic diversification and the role of the private sector in enhancing productive

capacities. Some delegates also called upon UNCTAD to collaborate more with African institutions to implement the NEPAD agenda for better development results.

28. Many delegates highlighted the need for more to be done for the Africa region and for a strengthening of the Africa Section and the Division for Africa, Least Developed Countries and Special Programmes (ALDC). In this regard, they requested UNCTAD to make more efforts to implement the agreed conclusions of previous sessions of the Trade and Development Board regarding providing more resources to ALDC.

29. Some delegates noted efforts by the Board to enhance the role of the Working Party. They stressed the need for the draft Terms of Reference on enhancing the functioning of the Working Party to be approved and transmitted to the General Assembly for approval. Some delegates also noted that LDC Watch and the Consumer Unity and Trust Society (CUTS) were added as non-governmental organizations (NGOs) at UNCTAD.

Panel session on "Enhancing aid effectiveness: From Paris to Busan"

30. A panel session on "Enhancing aid effectiveness: From Paris to Busan" was held as part of agenda item 2. Mr. Jon Lomoy, Director, Development Cooperation Division, Organization for Economic Cooperation and Development (OECD), Paris, was the keynote speaker at the panel session. The session also featured three panellists: (a) Mr. Samuel Wangwe, Executive Chair, Daima Associates Ltd., United Republic of Tanzania; (b) Ms. Ingrid Mutima, External Resources Mobilization Expert, Ministry of Finance and Economic Planning, Rwanda; and (c) Ms. Helen Allotey, Director, External Economic Relations Ministry of Finance and Economic Planning, Ghana. The Deputy Secretary–General of UNCTAD, Mr. Petko Draganov, made opening remarks at the panel session.

31. The questions addressed by the panel included:

(a) How can aid be used to catalyse other forms of development finance and lay the foundations for exiting from aid dependence in the medium-to-long run?

(b) How can the aid community improve on the quality of aid disbursed to recipient countries?

(c) How can lessons from South–South cooperation contribute towards greater aid effectiveness?

(d) What kinds of institutional mechanisms should be put in place by African governments to improve on the quality of aid?

(e) What does Africa expect from the Fourth High-level Conference on Aid Effectiveness?

32. The key recommendations made and issues that arose from the opening remarks, the keynote address, the panel discussion and the interactive debate were as follows:

(a) Fulfil existing commitments – Africa faces enormous development challenges, including meeting the Millennium Development Goals (MDGs), dealing with climate change, preventing and reducing conflicts, and dealing with high food and energy prices. The mobilization of domestic and external resources will be critical to addressing these challenges. Despite the recent increase in ODA flows to Africa, donors are yet to meet the existing international commitments made to the region. In this regard, there is the need for donors to ratchet-up efforts to honour the existing aid commitments made to Africa;

(b) Aid effectiveness also depends on the quantity of aid – The discussion on aid effectiveness often gives the impression of a dichotomy between aid quality and aid quantity. However, the quantity of aid is one of the factors determining whether or not aid

is effective. Consequently, there is the need for donors and recipients to recognize the fact that increasing aid quantity is a necessary condition for enhancing aid quality in Africa;

(c) Use of aid versus delivery of aid – Aid effectiveness depends on both the quality of the use of aid and the quality of the delivery of aid. The former depends mainly on the practices of the recipients, whilst the latter depends on the practices of the donors. The cases of Ghana and Rwanda showed that there has been significant progress in improving the quality of use of aid at the country level, but there has not been much progress in enhancing the quality of delivery of aid. Further efforts by donors to reduce unpredictability of aid, avoid aid fragmentation, enhance the use of country systems and reduce conditionalities associated with aid flows will all contribute to improving the quality of aid delivery;

(d) Country ownership and leadership are important – Country ownership of the aid and development process is important in enhancing aid effectiveness. If recipient countries are to use aid to achieve their national development objectives, they have to be able to lead in the aid delivery and management process. In particular, they have to ensure that aid addresses their development needs and priorities. For African countries to successfully exercise such leadership, the psychological aspect of aid dependence has to be dealt with. It erodes recipient countries' ability to exercise leadership and take responsibility for development. There is a need to publicize examples of recipient relationship. While country ownership and leadership matter, there is also a need to recognize regional contexts, as development is increasingly influenced by regional cooperation;

(e) Enforce the use of country systems – Despite progress by recipient countries in improving the quality of local country systems and institutions, donors are still reluctant to use them. The limited use of country systems by donors is one of the areas where there has been the least progress in enhancing aid effectiveness over the past few years. There is also the need to integrate aid into treasury, accounting and auditing mechanisms in recipient countries. The challenge of aid fragmentation both for bilateral and multilateral aid can be best addressed by strengthening country systems. It is, however, important to do this in a transparent and credible manner;

(f) Improve information on aid flows – There is a need for more and better information on aid flows as an important element in enhancing aid effectiveness. At the recipient country level, governments should make more effort to provide information on aid flows to all local stakeholders. At the donor level, there is the need to make public information on aid flows to civil society organizations operating in recipient countries. Furthermore, emerging donors should provide more information on their development cooperation activities in recipient countries. In this regard, there is the need for more cooperation among donors and recipients in improving aid statistics;

(g) Strategies are needed for exiting aid dependence – African countries should have strategies for exiting from aid dependence in the medium-to-long run. While aid is needed in the short run, it should be used to avoid aid dependence in the long run. One way to accomplish this is to use aid to enhance capacity for domestic resource mobilization. It could also be used to catalyse other sources of modes of development finance, such as FDI, trade and commercial financing. There are already indications that private capital flows are growing faster than aid flows as sources of development finance in Africa. Given the heterogeneity of African countries, they cannot be expected to exit aid dependence at the same time. The graduation from aid dependence will vary across countries, reflecting their differing levels of development;

(h) Recognize the link between aid and trade – Aid effectiveness is also affected by the nature of the multilateral trading system. Incoherence between trade and aid policies of donor countries has significant impact on the effectiveness of aid in recipient countries. When donors give aid to recipients and also impose trade measures that limit the ability of recipients to trade, they make it difficult for recipients to achieve their development goals. In this regard, it is important that aid is delivered in a way that allows recipients to participate more effectively in the multilateral trading system as well as move up the value chain in the trading process;

(i) Aid and development effectiveness are related – There is no need to overemphasize the distinction between aid effectiveness and development effectiveness because the former is geared towards enhancing the later. By making aid more effective, it would have more impact in recipient countries, thereby enhancing development effectiveness. It is important that recipient countries' capacities be taken into account in the discussions on aid effectiveness. It is equally important to take into account the diverse modes of development cooperation: for example, South–South versus North–South. In this context, donors should respect the choice of mode of cooperation made by recipients. Furthermore, it is important that recipient countries see South–South cooperation as a complement rather than a substitute for North–South cooperation;

(j) Need for mutual accountability – In the aid effectiveness debate, accountability seems to be applied more to recipient countries than to the development partners. However, mutual accountability is what is required for aid effectiveness. Furthermore, there is the tendency for recipient countries to be more accountable to the donors than to their local stakeholders. There is the need for recipient governments to demonstrate more accountability to local stakeholders to ensure genuine ownership of the process. Better domestic governance that recognizes local values and cultures can contribute to achieving this objective. Furthermore, there is the need for clear and objective indicators of good governance;

(k) Improve aid coordination at the national level – There is the need for recipient countries to improve aid coordination at the national level. This requires recipient countries exercising more control over the aid management and delivery process to ensure that aid addresses their national development needs and priorities. Furthermore, coordination should cover aid from traditional donors as well as official financial flows which are part of South–South cooperation.

III. Adoption of the agenda and organization of work

(Agenda item 1)

33. At its opening plenary meeting, on 27 June 2011, the Board adopted the provisional agenda contained in document TD/B/EX(53)/1. Accordingly, the agenda for the executive session was as follows:

- 1. Adoption of the agenda and organization of work
- 2. Activities undertaken by UNCTAD in support of Africa
- 3. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary bodies:
 - (a) Report of the Trade and Development Commission on its third session, and agenda for its fourth session
 - (b) Report of the Investment, Enterprise and Development Commission on its third session, and agenda for its fourth session

- (c) Topics for upcoming single-year expert meetings
- (d) Report of the Working Party
- (e) Draft terms of reference for the Working Party
- 4. Institutional, organizational, administrative and related matters:
 - (a) Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board
 - (b) Cooperation between UNCTAD and the Inter-Parliamentary Union
 - (c) Arrangements for the participation of non-governmental organizations in the activities of UNCTAD
 - (d) Accreditation of civil society organizations for the purposes of UNCTAD-XIII
- Report of the Sixth United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices
- 6. Other business
- 7. Report of the Board on its fifty-third executive session

Annex

Attendance¹

1. Representatives of the following States members of the Trade and Development Board attended the session:

Algeria Angola Argentina Austria Azerbaijan Bahrain Belarus Benin Brazil Brunei Darussalam Burkina Faso Cambodia Cameroon Canada China Congo Côte d'Ivoire Cuba Cyprus Czech Republic **Dominican Republic** El Salvador Ethiopia Finland France Germany Ghana Guatemala Hungary Indonesia Iran (Islamic Republic of) Iraq Israel Italy Jamaica Japan Jordan Kazakhstan

Kuwait Lesotho Madagascar Mali Mauritania Mexico Morocco Nepal Nicaragua Nigeria Oman Panama Philippines Poland Portugal Romania **Russian Federation** Rwanda Saudi Arabia Singapore South Africa Spain Sudan Switzerland Syrian Arab Republic Thailand The former Yugoslav Republic of Macedonia Togo Turkey Ukraine United States of America Venezuela (Bolivarian Republic of) Viet Nam Yemen Zambia

¹ For the list of participants, see TD/B/EX(53)/Inf.1.

2. Representatives of the following State member of UNCTAD but not a member of the Trade and Development Board attended the session:

Holy See

3. The following intergovernmental organizations were represented at the session:

African, Caribbean and Pacific Group of States African Union European Union Organisation internationale de la Francophonie

4. The following United Nations organizations were represented at the session:

Economic Commission for Europe International Trade Centre UNCTAD/WTO

5. The following specialized agencies and related organizations were represented at the session:

International Telecommunication Union World Trade Organization

6. The following panellists participated in the session:

Mr. Jon **Lomoy**, Director, Development Cooperation Division, Organization for Economic Cooperation and Development

- Mr. Samuel **Wangwe**, Executive Chair, Daima Associates Ltd., United Republic of Tanzania
- Ms. Ingrid **Mutima**, External Resources Mobilization Expert, Ministry of Finance and Economic Planning, Rwanda
- Ms. Helen **Allotey**, Director, External Economic Relations Ministry of Finance and Economic Planning, Ghana