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Note by the UNCTAD secretariat

The following paragraphs have now been agreed ad referendum, and replace the paragraphs of the same numbers in document TD/L.398.

17. Effective public finance, including taxation, is an essential element in financing development. However, in many developing countries the current effective tax base is too small to generate adequate public revenues, and the institutional capacities for tax collection and redistribution policies are often weak. Official development assistance (ODA) can help a country to reach adequate levels of domestic resource mobilization over an appropriate time horizon, while human capital and productive and export capacities are enhanced. For many countries in Africa, least developed countries, small island developing States and landlocked developing countries, ODA is still the largest source of external financing and is critical to the achievement of development goals and targets in national development strategies as well as those of the Millennium Declaration and other internationally agreed development targets. Thus, effective aid flows and cooperation in their delivery can be vital to efforts to achieve national and internationally agreed development goals while countries pursue efforts to develop sufficient domestic resources. Despite debt relief initiatives, many developing countries still face financing challenges and require continued international support. ODA commitments, including those by many developed countries to achieve the ODA target of 0.7 per cent of gross national product by 2015, should be fulfilled in the context of the global partnership based on shared responsibilities. The substantial new aid commitments made by many donors should make it possible for net nominal ODA to surpass its current levels, already reached in the early 1990s.

27. Regional cooperation among developing countries, as well as integration where pursued, can reinforce national development strategies and multilateral agreements and enhance developing countries' output growth, trade and influence. Such cooperation can deliver substantial development gains if it extends beyond trade liberalization and encompasses policies in support of growth, stability, industrial development, infrastructure, employment and structural change, it can also support innovative approaches and expand the policy options for development. Regional

monetary and financial cooperation could be an important consideration in the further evolution of the international monetary system. Regional financing mechanisms, such as regional development banks or regional capital markets, can complement international institutions and provide long-term sources of finance, especially for small economies that do not have well-developed domestic financial markets. Another positive form of cooperation involving a region's central banks relates to trade facilitation and short-term financing. Regional arrangements to promote stable exchange rates among countries within a region that enjoy a high and increasing share of intraregional trade and financial flows can be an important element in establishing a common market.

150. The Conference welcomes the strong development orientation of the Geneva and Tunis phases of the World Summit for the Information Society and renews its commitment to the implementation of the principles and goals contained therein. UNCTAD member States remain fully committed to the Internet Governance Forum and to the multi-stakeholder approach of the IGF as enshrined in the Tunis Agenda, which stands at the core of its success.

154. UNCTAD should provide a platform for an international dialogue on best practice in investment policies. An inventory of best policy practices could contribute to a dialogue on policymaking know-how. UNCTAD, together with intergovernmental and regional organizations, particularly those from developing countries, and other partners, as well as the Organization for Economic Cooperation and Development (OECD), should engage countries at every development level to help ensure an institutional environment conducive to FDI and development. In the context of developing best practices in investment policies, it should endeavour to work with relevant regional development banks such as the African Development Bank, the Asian Development Bank, the Inter-American Development Bank and the Islamic Development Bank.

157. UNCTAD should continue to help developing countries participate in the debate on international investment agreements (IIAs). It should focus on the development dimension of IIAs and examine the effects of IIAs. UNCTAD's work in this area should include policy analysis and capacity-building in relation to the negotiation and implementation of current and future bilateral and regional investment agreements, management of investor-State disputes, alternative means of dispute settlement, the approach to investment promotion and the effects of IIAs.

177. In the context of changing realities of the global economy and changing development needs, strengthening of UNCTAD's development role, impact and institutional effectiveness is needed in order for UNCTAD to be able to provide effective guidance and support with respect to both emerging issues and long-standing problems at the interface between trade and development. This strengthening process should include, inter alia, the adoption of new and improved indicators of achievement and performance measures in the context of the Strategic Framework, the continued adaptation of its working methods and structures and a more focused approach in order to better address those issues of trade and development within UNCTAD's mandate that continue to respond to the needs, concerns and priorities of its membership, as identified through the intergovernmental process.

187. Research and analysis is the backbone of UNCTAD's work and it should be development-oriented, independent and grounded in solid evidence. It should also:

- (a) Provide ahead-of-the-curve and innovative work on trade and development and related issues;
- (b) Focus on the main challenges that all developing countries and countries with economies in transition face in the areas of trade and development and in the

interrelated issues of finance, investment, technology and sustainable development in pursuing the internationally agreed development goals, including the Millennium Development Goals. In this regard, special attention should be paid to LDCs;

- (c) Provide practical solutions and policy options and an analytical response to emerging and long-standing development challenges and continue to examine systemic issues related to trade and development and interrelated issues;
- (d) Identify opportunities within UNCTAD's mandate to help developing countries use globalization as an engine for economic growth and poverty reduction and put forward practical policy recommendations taking into account, inter alia, best international, regional and national best practices;
- (e) Take into account the needs, priorities and experiences of developing countries and their different levels of development;
- (f) Prepare, on demand and with donor support, country-specific policy reviews and case studies in the areas of investment, trade, services, commodities, science and technology and innovation, and ICTs;
- (g) Analyse existing national policies that support development, with a view to identifying various effective policies, including innovative policies, that developing countries in general and LDCs in particular could consider in their national development strategies or incorporate in a concrete plan for the implementation of such policies in cooperation with potential beneficiaries.

222. The Conference welcomes and encourages the implementation of the Aid for Trade initiative and takes note of the Aid for Trade Global Review held from 19 to 21 November 2007. The Aid for Trade initiative includes resources for technical assistance provided through both bilateral and multilateral channels to build capacity to formulate locally owned trade policies, participate in trade negotiations, implement trade agreements, build supply-side capacities and offset adjustment costs. UNCTAD can contribute to the realization of the Aid for Trade initiative through, inter alia, its technical cooperation activities, including through its participation in the trade and productive capacity cluster.