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**IMPLEMENTATION OF THE SÃO PAULO CONSENSUS**  
Report by the UNCTAD secretariat\*

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## I. INTRODUCTION

1. The São Paulo Consensus (SPC) mandates that a mid-term review should be conducted by the Trade and Development Board in 2006 (paragraph 9). The present document reports on the implementation of the SPC in the period since UNCTAD XI. To facilitate consideration by the Board, the report is structured along the lines of the main chapters of the SPC. Many of the activities carried out since São Paulo are also covered in UNCTAD's annual report.\* An annex to the present report sets out in matrix form the detailed mandates of the SPC and the activities carried out by UNCTAD in implementing the mandates. It also provides a brief review of the lessons learned from the implementation process in the last two years.

## II. DEVELOPMENT STRATEGIES IN A GLOBALIZING WORLD ECONOMY

2. To promote economic policies and strategies at the national, regional and international levels that are supportive of sustained growth and poverty reduction in developing countries (paragraphs 26 to 31 and 35 of the São Paulo Consensus), subprogramme 1 carried out policy-oriented research that was published primarily in two annual *Trade and Development Reports (TDR)*, in two reports to the General Assembly on external debt and development, and the annual reports on *Economic Development in Africa*. This analytical work provided the basis for deliberations of the Trade and Development Board (TDB) under the items "Interdependence and global economic issues from a trade and development perspective" and "Economic development in Africa" and of the General Assembly on "Macroeconomic policy questions: External debt crisis and development". It was also the basis for technical cooperation activities, mainly in the areas of debt management, and advisory services for developing countries at the national, regional and international levels. In the review period, this work contributed to the international debate on appropriate development policies in a globalizing world economy, providing inputs to thinking on development strategies. UNCTAD's contribution to consensus-building in the areas of interdependence, globalization, development strategies, and debt and finance was reflected in a number of conclusions, recommendations and resolutions adopted by Member States, as well as in better-informed policy-making (see below).

3. In line with paragraph 26 of the SPC, as well as paragraph 19 of the 2005 World Summit Outcome (2005 WSO), the 2004 and 2005 *TDRs* highlighted the risks for the developing countries resulting from global current account imbalances and their eventual correction. The *Reports'* recommendations for achieving a smooth adjustment that would avoid severe negative repercussions on the developing world and a setback to progress on the way to achievement of the Millennium Development Goals (MDGs) were endorsed by a large number of members of the Trade and Development Board.

4. Taking up the main theme of UNCTAD XI, *TDR 2004* analysed issues related to policy coherence and made concrete proposals on how to achieve greater coherence, as mandated by paragraphs 26 and 28 of the SPC and also called for in paragraph 38 of the 2005 WSO. It examined the implications of exchange rate movements and exchange rate

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\*UNCTAD *Annual Report 2004* (UNCTAD/EDM/2005/1), *UNCTAD Annual Report 2005* (UNCTAD/EDM/2006/1). See also the 2004 and 2005 divisional activity reports (UNCTAD/DITC/MISC/2004/24, UNCTAD/DITC/MISC/2005/21, UNCTAD/ITE/2005/1).

management for the international competitiveness of companies and productive investment in developing countries. The *Report* proposed that regional or global exchange rate arrangements be explored further.

5. The *TDR 2005* illustrated how the ascent of China and India has brightened the outlook for exporters of many primary commodities and increased trade among developing countries, but also intensified competition on the global markets for certain types of manufactures. The *Report* underlined that a fresh look at possible mechanisms to reduce price instability of primary commodities could help strengthen a global partnership for development.

6. The *TDRs 2004* and *2005* also showed that meeting the MDGs will be especially difficult in the least developed countries. In order to generate lasting benefits from higher commodity export earnings, the gains should be used to diversify the economic structure, to step up public and private investment, and to accelerate structural change.

7. In accordance with paragraph 28 of the SPC and paragraphs 21 and 35 of the 2005 WSO, UNCTAD provided technical support to the Intergovernmental Group of Twenty-four on International Monetary Affairs and Development (G-24) in building capacity to contribute to the debate on the reform of the international monetary and financial system, and to enhance the ability of developing countries to cope with increasing global interdependence and international financial instability. Special attention was given to possibilities of enhancing the voice and participation of developing countries in international decision-making, as referred to in SPC paragraph 31.

8. In pursuance of SPC paragraph 35, the UNCTAD secretariat has intensified its assistance to the Palestinian people and sought to mobilize adequate resources for that purpose. Efforts focused on enabling the Palestinian Authority (PA) to successfully address the imperatives on the ground created by prolonged crisis and, more recently, the Israeli unilateral disengagement in Gaza. Among the most significant UNCTAD technical assistance activities in favour of the Palestinian people is the modernization of PA Customs operations, leading to the use of UNCTAD's ASYCUDA. Other UNCTAD projects have strengthened Palestinian capacity to use macroeconomic, trade and labour policy analytical tools and have supported Palestinian trade facilitation reform and institution building through the Palestinian Shippers Council project. Immediate results for employment and income generation emerged from the training of some 80 Palestinian entrepreneurs through Empretec Palestine.

9. Further to SPC paragraphs 26, 28, 29 and 30, and in line with 2005 WSO paragraphs 21 and 26, UNCTAD conducted research and analysis on debt and debt sustainability issues, prepared the annual reports to the General Assembly (GA) on "External debt crisis and development" and launched the project on "Capacity-building for debt sustainability in developing countries". In response to a specific request by the GA, and in accordance with 2005 WSO paragraph 25(d), research was undertaken on the methodologies and development impact of risk-rating mechanisms of the private sector.

10. In line with SPC paragraph 28, the annual reports to the GA provided substantive analyses of debt, international financial instability and private and official capital flows, and their impact on development. The debates on the reports, with 20 country and group statements on average, resulted in the adoption of annual GA resolutions on debt. UNCTAD assists debtor countries in their debt renegotiations, in line with SPC paragraph 31.

11. The “Project on capacity-building for debt sustainability in developing countries”, financed by the fourth tranche of the UN Development Account, was launched in 2005 in line with SPC paragraphs 28 and 29, as well as 2005 WSO paragraphs 21 and 26(a). The main research outputs of the project include: an analytical framework to assess the links between debt sustainability and development, alternative approaches to debt sustainability analysis, an institutional framework for effective debt management, debt renegotiations frameworks, and economic and regulatory frameworks to analyse the links between debt and trade. Research papers and case studies were discussed at an Ad Hoc Expert Meeting in Geneva in October 2005 and at regional workshops in Africa (Harare, November 2005, in cooperation with the Macroeconomic and Financial Management Institute of Eastern and Southern Africa – MEFMI) and in Asia (Jakarta, February 2006, in cooperation with the Ministry of Finance of Indonesia).

12. The major technical assistance programme on the Debt Management and Financial Analysis System (DMFAS), in line with SPC paragraph 31, has continued to help debtor developing countries to build national capacities on debt management, bringing UNCTAD international recognition in this area. The total number of DMFAS beneficiary countries has risen to 65, and the system is now installed in 95 institutions. In 2005, the UNCTAD Fifth Inter-Regional Debt Management Conference attracted more than 250 international debt managers and policy makers from 83 countries, and it included the final round of the multi-stakeholder consultations on “Sovereign debt for sustained development”, coordinated by the UN Department of Economic and Social Affairs as a follow-up to the Monterrey Conference.

13. As reported in detail in the annual reports to executive sessions of the TDB, UNCTAD has continued its activities in favour of Africa and its close cooperation with NEPAD, as requested in SPC paragraphs 25 and 32. Activities have included policy analysis, advisory services and technical cooperation.

14. The 2004 annual report on *Economic Development in Africa* contained an analysis of the debt sustainability of African countries, with a special emphasis on the HIPC initiative, as mandated by SPC paragraphs 16, 19 and 28. Based on an in-depth analysis, the report, entitled *Debt Sustainability: Oasis or Mirage*, called for a debt write-off for the poorest countries and a review of the debt sustainability criteria applied by the multilateral financial institutions in order to bring them into line with the need to meet the MDGs.

15. In accordance with SPC paragraphs 28 and 51, the 2005 report on *Economic Development in Africa*, under the title *Rethinking the Role of FDI*, analysed the impact of foreign direct investment (FDI) on the development of host countries and ways and means to maximize its benefits and minimize its costs. On the basis of the findings, the African Union has requested UNCTAD to cooperate in a project aiming at a harmonization of the legislation governing FDI in African countries.

16. Paragraphs 33, 34, 84 and 85 of the SPC called for increased efforts by UNCTAD in addressing the special problems of LDCs, small island developing States, and landlocked developing countries (LLDCs) and the related special problems and challenges faced by transit developing countries, as well as structurally weak, vulnerable and small economies.

17. The 2004 LDC Report, entitled *Linking International Trade with Poverty Reduction*, highlighted the positive role that international trade can play in poverty reduction. However, it also showed that, despite significant trade liberalization in many LDCs, better trade performance does not necessarily equate with poverty reduction. The Special Programme on

LDCs also contributes on a regular basis to the work of the Committee for Development Policy (CDP) on graduation and smooth transition of LDCs.

18. A major share of UNCTAD's technical cooperation activity for LDCs is related to the implementation of the Integrated Framework for Trade-related Technical Assistance, focusing in particular on capacity-building activities. During the reporting period, UNCTAD participated in the implementation of pre-DTIS (Diagnostic Trade Integration Study) support, particularly in responding to the great needs expressed by new incoming countries. The Programme organized two IF workshops in Rwanda and Sierra Leone respectively. The IF Manual, produced by UNCTAD, serves as a stakeholders' reference tool for new countries and for forging a common understanding of the Framework within the IF community.

19. Work under the Integrated Framework (IF) has progressed and made the IF an important vehicle for the coordinated delivery of trade-related technical assistance and institutional capacity building activities in 28 LDCs. Diagnostic Trade Integration Studies (DTIS) have been completed for 13 countries, and DTIS Validation Workshops have so far been held in 14 countries. Diagnostic studies have been launched and are currently in progress in 11 LDCs.

20. The issue of special treatment for small island developing States was the subject of a publication for the International Meeting for the 10-year Review of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States held in Mauritius in 2005. Analytical work was also done regarding ways and means to improve the efficiency of transit transport systems for landlocked developing countries and on LLDC-specific issues in the current multilateral trade negotiations, particularly in preparation for the 2005 Ministerial Conference of Trade Ministers of LLDCs.

21. As regards island developing and landlocked developing countries, analytical work and technical assistance focused on the specific constraints and challenges faced by these groups of countries, such as vulnerability, graduation, trade facilitation and issues related to the multilateral trade negotiations.

### III. BUILDING PRODUCTIVE CAPACITIES AND INTERNATIONAL COMPETITIVENESS

22. In the two years since UNCTAD XI, UNCTAD has organized some 145 conferences, symposia and meetings and over 45 training activities, carried out some 140 advisory missions, and produced more than 140 publications in the areas of investment, technology and enterprise development. Over 160 countries have benefited from these activities. Particular emphasis was given to addressing the needs of LDCs: 42 LDCs (84% of the total) benefited from UNCTAD activities, as did 27 landlocked developing countries and 23 small island developing States (SIDS).

23. **Investment analysis (SPC paragraphs 49, 50, 51):** The *World Investment Report (WIR)* continues to cover global and regional trends and selected topics related to foreign direct investment and its impact on development. *WIR 2004* analysed FDI in services, while *WIR 2005* focused on FDI in R&D. In an effort to reach wider audiences, *WIR 2005* was launched in some 75 locations around the world. In February 2006, the secretariat also organized a joint regional seminar with ECLAC. The *WIR* has been complemented by an annual survey of *Prospects for FDI and Strategies for TNCs*, which forecasts and analyses

future trends in FDI flows, and several publications such as the *TNC Journal* and issues papers, which examine the developmental impact of TNCs on a sectoral basis.

24. UNCTAD organized an Expert Meeting on Capacity Building in the Area of FDI Statistics (December 2005) and national workshops to help beneficiary countries to implement international methodological standards and set up data compilation and dissemination systems to produce internationally comparable FDI statistics. UNCTAD also held a meeting on Africa's specific needs in the area of FDI statistics. However, work on FDI statistics has been hampered by the loss of regular budget resources. UNCTAD's investment reports are frequently quoted and reproduced, confirming the relevance of the publications.<sup>†</sup>

25. **Science and technology (SPC paragraph 52):** UNCTAD serves as the lead entity within the UN system on technology-related issues, and the secretariat has continued to provide substantive and technical servicing to the Commission on Science and Technology for Development. In this connection, the secretariat has carried out policy research on issues related to the technology gap and digital divide, as well as the application of science and technology for the achievement of the Millennium Development Goals. Since the last Conference, UNCTAD has revived its programme on science, technology and innovation policy, issuing a STIP review for the Islamic Republic of Iran in 2005.

26. UNCTAD also carried out work in the interrelated areas of transfer of technology and intellectual property. In cooperation with the International Centre on Trade and Sustainable Development (ICTSD), UNCTAD published a comprehensive resource book on the provisions of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which received positive feedback from stakeholders and has, at the national level, generated interest among developing country officials.<sup>‡</sup> This and other activities have contributed to discussions in the World Intellectual Property Organization. UNCTAD publications in the context of the Transfer of Technology for Successful Integration into the Global Economy series have informed discussions at the WTO Working Group on Trade and Transfer of Technology.

27. **Investment policy reviews (SPC paragraph 53):** Eight investment policy reviews have been completed since the São Paulo Conference (Algeria, Benin, Sri Lanka, Brazil, Colombia, Kenya, Islamic Republic of Iran and Zambia). Policy recommendations have been endorsed in most countries that undertook IPRs (15 out of 17 countries), and the programme also carried out follow-up activities aimed at implementing the recommendations in nine countries. These follow-up activities included advisory services and capacity building in: the FDI legal regime, business regulations, FDI strategy review, institutional reform, and investment promotion plans. In several instances, the programme facilitated reforms that have improved the investment climate, generating increased FDI inflows, a diversification of such flows in new sectors and better linkages between domestic and foreign firms (Algeria, Egypt, Botswana, Mauritius and Peru). In addition, the first implementation report on the investment policy review of Egypt was presented at the Commission on Investment in 2005. The IPRs encourage full embedding of FDI strategy in development plans, and the recommendations

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<sup>†</sup> The last two issues generated over 1,000 press clippings, including comprehensive coverage by major international news media - such as the BBC, CNN, Bloomberg and Reuters - and national press in a number of countries. Furthermore, the *WIR* continues to be the most frequently downloaded UNCTAD publication on the Internet.

<sup>‡</sup> As illustrated by a February 2006 request from the Ministry of Industry, Trade and Marketing of the United Republic of Tanzania to make use of the resource book for the preparation of a "National Policy Paper on Intellectual Property Rights".

highlight the trade and investment interface by introducing business linkages and supply capacity programmes (Brazil, United Republic of Tanzania, and Uganda).

28. Member States have commended the programme and urged its strengthening to ensure a timely response to requests and to carry out follow-up policy advice. Member States also invited UNCTAD to review the independent evaluation report by the Hamburg Institute entitled “Strengthening the development impact of UNCTAD's investment policy reviews”.

29. **Investment promotion (SPC paragraph 53):** Since UNCTAD XI, over 30 developing countries and economies in transition, including eight least developed countries, have received support through technical cooperation programmes on investment promotion. These programmes include support for investment promotion agencies (IPAs), formulation of investment policies and promotion strategies, training in investment promotion practices and techniques, and improving governance in investment promotion. A new Internet-based tool for IPAs on e-regulations was developed and is being implemented in six countries.

30. At the regional level, the Andean Community received assistance in developing a subregional strategy on investment promotion, and CEMAC benefited from a diagnostic study on the investment climate. In addition, investment promotion officials from Africa, Asia and Eastern Europe were trained on policy advocacy.

31. **Special problems that LDCs and African countries face in building productive capacities (SPC, paragraph 54):** LDCs account for almost a third of the requests for UNCTAD investment assistance. Specific technical assistance programmes addressing the special needs of LDCs include the UNCTAD-ICC Investment Guides, the UNCTAD-JBIC Blue Books on Best Practice in Investment Promotion and Facilitation, and the Good Governance in Investment Promotion Programme (GGIP). The investment guides programme incorporates a capacity-building element through the training of local consultants and education of IPA staff. Guides for Kenya, Mauritania, Mali, Uganda, the United Republic of Tanzania and the East African Community have been launched since UNCTAD XI. Based on the positive feedback received on the Blue Books for the Lao People's Democratic Republic and Cambodia, UNCTAD prepared three Blue Books for Africa (Kenya, Uganda and United Republic of Tanzania).

32. UNCTAD reinforced its GGIP programme to ensure its effectiveness in assisting LDCs to identify governance-related obstacles to investment and introducing greater transparency and accountability in the investment process.

33. Since São Paulo, UNCTAD's insurance programme has been assisting African countries, including LDCs, in strengthening their insurance sectors. More specifically, support was provided in (i) upgrading insurance policies and legislation in line with international best practices; (ii) organizing training and educational activities for government officials in insurance supervisory or regulatory functions; and (iii) promoting cooperation on insurance matters at the interregional, regional and subregional levels, as well as harmonization of insurance standards in line with international best practices. The programme, working jointly with the African Insurance Organization (AIO), developed five projects aimed at helping African countries to enhance their productive capacities in the area of insurance.

34. **Investment and enterprise development (SPC paragraphs 55 and 51):** UNCTAD, through its Intergovernmental Working Group of Experts on International

Standards of Accounting and Reporting (ISAR), continued to promote best practices in accounting and reporting in developing countries and economies in transition. Activities included two workshops on the practical implementation of International Financial Reporting Standards (IFRS). ISAR's work in the area of corporate governance disclosure included the publication *Guidance on Good Practices in Corporate Governance Disclosure*. ISAR contributed to the usefulness and comparability of corporate responsibility reporting through the identification of a limited set of core indicators. The work of ISAR is disseminated through the annual publication *International Accounting and Reporting Issues*. UNCTAD provided advisory services to policymakers on accounting, financial reporting, corporate governance disclosure and corporate responsibility reporting.

35. Since UNCTAD XI, the secretariat has undertaken capacity-building projects aimed at strengthening developing countries' supply capacities and enhancing their competitiveness. In the area of outward FDI (OFDI), the secretariat organized an expert meeting and launched a project on "Making of Global and Regional Players from Emerging Markets" which provides for technical assistance and exchange of experiences. The secretariat also co-organized joint national seminars on OFDI in Brazil and China. In 2005, UNCTAD issued its *Business Linkages Programme Guidelines*. Within the framework of the business linkages project in Brazil (Projeto Vínculos), a number of TNCs have engaged in developing local supply chain partners in various sectors. The Business Linkage Programme in Uganda, launched in October 2005, is assisting the formation and strengthening of some 40 business linkages.

36. UNCTAD's EMPRETEC Programme was strengthened in South and Central America and Anglophone and Francophone Africa. In the spirit of South-South cooperation, UNCTAD collaborated with established EMPRETEC centres to establish country programmes in Angola and Romania. Based on the positive results achieved in Jordan, the Palestinian Territories and Romania in 2004, their respective Governments and authorities provided financial assistance to support UNCTAD's enterprise development efforts.

37. **International investment agreements, home country measures and corporate responsibility (SPC paragraphs 56, 57 and 58):** The *Series on Key Issues in International Investment Agreements* was completed with the compilation of the 27 studies into three volumes. Six additional studies have been prepared in the framework of the second-generation *Series on International Investment Policies for Development*. Technical assistance activities included regional training packages for IIA negotiators in four languages and advisory services for countries and regional organizations. In 2005, over 300 participants from 75 developing countries benefited from the programme. The IIA database, available at the IIA website, is regarded as a unique source of information, and the E-Network of IIA Experts allows for exchange of views and experiences. An independent external evaluation has demonstrated with ample evidence that UNCTAD's work has a strong direct and sustained impact on beneficiaries.

38. As mandated by the Conference, the IIA programme also prepared a study on home country measures to promote FDI and technology transfer.

39. The secretariat organized an Expert Meeting on Positive Corporate Contributions to the Economic and Social Development of Host Developing Countries (October 2005). Seven areas were identified in which transnational corporations can make a contribution to economic development. A CD-ROM comprising all the documentation of the Expert Meeting has been prepared, and a database on best corporate practices and best policies is in progress.



40. **Trade logistics (SPC paragraphs 59, 60 and 107):** During 2004 and 2005, UNCTAD's contributions in the fields of transport and trade logistics concentrated on the following main areas: trade facilitation at the national level; transit transport, the impact of access to maritime transport services, and international legal instruments affecting transport and trade facilitation, including multimodal transport; and the impact of recently adopted security measures affecting international trade and transport.

41. Information on transport and trade facilitation was disseminated to member States through the *Review of Maritime Transport*, the quarterly *Transport Newsletter*, and presentations and lectures at a number of national, regional and international seminars and workshops and expert meetings.

42. The secretariat has continued to develop transit-transport-related arrangements to support trade and transport facilitation for landlocked and transit developing countries. These rely on the active participation of national and regional private and public entities to address transit transport collaborative solutions as a direct contribution to the implementation of the Almaty Programme of Action.

43. **ICT and development (SPC paragraphs 61, 62 and 102):** Over the last two years, work in this field has given priority to:

- Supporting the participation of developing countries in relevant international processes, most notably the World Summit on the Information Society, and the formulation and implementation of national ICT policies and strategies. UNCTAD played a key role in the multistakeholder Partnership on Measuring ICT.
- Analysing policy options at the national and international levels in the area of ICT and e-business, issues under international discussion, such as Internet governance and Internet interconnection costs (SPC paragraph 62), and the implications of ICT-induced change for key sectors of the economies of developing countries.

44. Policy-oriented research and analysis on ICTs was disseminated through the annual flagship *Information Economy Report*, which addressed trends and developments in ICT and their impact on enterprises and industries.

45. Technical cooperation activities complemented research and analysis work by contributing to capacity building for policy-making in ICT and e-business, mainly through courses and seminars addressed to senior officials of developing countries. Advisory services were also provided to interested Governments on free and open source software (FOSS, SPC paragraph 102) both in the context of the WSIS and in response to individual requests. Matchmaking exercises, linking supply and demand for FOSS-related expertise, were carried out in the context of the UNCTAD XI FOSS partnership. Advisory services were also provided on ICT measurement, ICT and economic performance, and trade-related e-finance.

46. The WSIS Tunis Agenda identifies UNCTAD as a possible moderator/facilitator for the implementation of the following WSIS action lines: enabling environment, capacity building, e-business and e-science. As a follow-up to the Summit, UNCTAD has been nominated as provisional focal point for facilitating the implementation of e-business-related elements of the WSIS Plan of Action. To this end, a first meeting on the action-line "e-business" is planned to take place in Geneva in May 2006. Furthermore, UNCTAD is setting

up an online platform to consolidate information on the implementation of this action line by all stakeholders.

47. Concerning intergovernmental policy debate, the Tunis Agenda requests ECOSOC to oversee the system-wide follow-up of the Geneva and Tunis outcomes and, to this end, review the mandate, agenda, and composition of the Commission on Science and Technology for Development (CSTD), which is substantively served by the UNCTAD secretariat.

48. The subject of indicators has been given a critical role in the post-WSIS process. The Tunis Agenda calls for periodic evaluation based on appropriate indicators and benchmarking and using an agreed methodology such as that developed by the Partnership on Measuring ICT for Development. It furthermore invites the international community to strengthen the ICT-related statistical capacity of developing countries, which is also a key UNCTAD contribution to the work of the Partnership.

#### **IV. ASSURING DEVELOPMENT GAINS FROM THE INTERNATIONAL TRADING SYSTEM AND TRADE NEGOTIATIONS**

49. In its work to implement the São Paulo Consensus, UNCTAD contributed towards upholding an open, equitable, rule-based, predictable and non-discriminatory multilateral trading system and brought to bear a development and poverty reduction focus nationally and internationally in trade policy making (SPC paragraphs 63 and 67), thus also contributing to the timely achievement of the Millennium Development Goals. UNCTAD carried out research and analysis, technical cooperation and capacity building activities, and serviced intergovernmental policy dialogue and consensus building – the three pillars of UNCTAD's work.

50. Intergovernmental consensus and confidence building support included documentation and substantive servicing for the sessions of the Trade and Development Board on review of developments and issues in the post-Doha work programme; the sessions of the Commission on International Trade in Goods and Services, and Commodities; seven expert group meetings;<sup>§</sup> and discussions of the UN General Assembly on international trade and development (SPC paragraph 95). Such work has been instrumental in monitoring the international trading system and assessing to what extent the development dimension has been achieved generally and specifically in the current WTO Doha Round.

51. Technical analyses included: the *World Economic Situation and Prospects* (2005, 2006); contributions to the *World Economic and Social Survey* (2004, 2005); reports on assuring development gains in the context of different issues and sectors; and LDC-focused analyses that contributed to the 6th WTO Ministerial Conference decision on the LDC development package<sup>\*\*</sup> (SPC paragraphs 95 and 105).

52. UNCTAD provided capacity-building assistance at national, regional and international levels that: (a) promoted awareness of the contribution of trade to the MDGs; (b) provided data and analysis for two indicators measuring progress towards the

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<sup>§</sup> Distribution services, professional services and regulatory frameworks, insurance services, new and dynamic sectors of world trade (two meetings), non-tariff barriers, and financing commodity-based trade and development.

<sup>\*\*</sup> UNCTAD's study entitled *Towards a New Trade "Marshall Plan" for Least Developed Countries*.

achievement of MDG 8;<sup>††</sup> (c) backstopped regional and national preparatory meetings of developing countries on the Doha negotiations; (d) empowered and equipped national WTO focal points to institutionalize stakeholder consultations in articulating trade policy and negotiation strategies; (e) promoted greater utilization of the generalized system of preferences (GSP) and other trade preferences, and assessed the implications of preference erosion; and (f) enhanced understanding of and active participation in negotiations on agriculture, non-agricultural market access, services, trade remedies, dispute settlement, and TRIPS and development (SPC paragraphs 95, 97, 108 and 109).

53. UNCTAD has contributed to clarifying the interface between multilateral and regional trade to ensure coherence, inter alia through analysis; support to the ACP Group of States in ACP-EU negotiations on economic partnership agreements; and technical assistance to COMESA and SADC on services (SPC paragraph 96).

54. UNCTAD provided intensive and wide-ranging technical assistance to 16 countries at all stages of the WTO accession process to help them understand, manage and participate in the complex and demanding accession process in a sustained manner reflecting their national development priorities (SPC paragraph 98).

55. UNCTAD has strengthened its work on non-tariff barriers (NTBs), product standards and quality requirements to deal with market entry barriers. It helped to identify and categorize these hurdles and promoted stakeholder partnerships to address them. It has set up a Group of Eminent Persons on NTBs to study and suggest a comprehensive and sustained approach to clarifying issues of methodology, classification, definition and quantification (SPC paragraph 95).

56. UNCTAD has quantified implementation and adjustment costs associated with WTO negotiations on industrial products, and provided Members with economic analyses of various negotiating proposals on industrial and agricultural tariff cuts (SPC paragraph 95).

57. UNCTAD's work underlined that aid for trade is a necessary prerequisite to trade liberalization. Prior to the 6<sup>th</sup> WTO Ministerial Conference, UNCTAD organized a meeting to advance understanding and build consensus on ways to move forward with emergent proposals on aid for trade, especially its relationship with the Integrated Framework. After Hong Kong, UNCTAD organized, together with the Commonwealth Secretariat, a conference contributing to the conceptualization, operationalization and implementation of the Aid for Trade initiative.

58. UNCTAD has begun a series of analyses and intergovernmental deliberations intended to help strengthen the participation of developing countries in new and dynamic sectors of world trade in order to increase trade and development gains and improve their terms of trade (SPC paragraph 95). Expert deliberations were undertaken on IT-enabled outsourcing of services, renewable energy products, textiles and clothing, electronics, fishery and marine products, and steel. These deliberations led to the development of general policy guidelines on supply capacities, competitiveness and market access, as well as the prerequisites for success in these sectors; they also created the nucleus of possible partnerships involving policy makers and the private sector.

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<sup>††</sup> Indicator 38 on proportion of total developed country imports (by value and excluding arms) from developing countries and LDCs admitted free of duties, and Indicator 39 on average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries.

59. In its work on the new geography of international trade and South-South trade, UNCTAD provided technical support to the third round of GSTP negotiations, with the prospect of the GSTP acquiring eight new members and concluding the negotiations at the end of 2006 (SPC paragraphs 96 and 97). UNCTAD contributed to the strengthening of regional economic integration, for example in the context of developing a services trade regime in SADC and COMESA; regional competition policies in SACU, CARICOM, COMESA, UEMOA, ASEAN and APEC; and formulating interregional cooperation. It also supported developing countries in connection with the Doha High-Level Forum on Trade and Investment (December 2004), the Second South Summit (June 2005), and the New Asian-African Strategic Partnership. It assisted in the recent creation (March 2006) of the Global Network of Export-Import Banks and Development Finance Institutions (G-NEXID).

60. UNCTAD has been instrumental in establishing capacities to reduce commodity dependence, enhance the viability of commodity sectors, and increase participation in the value chain and realize better returns, and in providing a setting for international debate on commodities (SPC paragraph 100). It was the source of substantive policy material on commodities for various forums, including the biennial debate in the UN General Assembly, and on specific topics.<sup>‡‡</sup> It helped WTO Members on assessing commodity issues and on modalities for a financing facility in line with the Doha Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries. Further, UNCTAD assisted the successful renegotiation of the International Tropical Timber Agreement, 1994, and the Olive Oil and Table Olives Agreement. UNCTAD's work on commodities has also assisted member States by providing comprehensive, up-to-date quantitative and qualitative information on commodity market fundamentals through INFOCOMM,<sup>§§</sup> statistical publications and analytical reports, and provided capacity building assistance on meeting costs of compliance with food safety requirements; building institutions such as commodity exchanges; operating commodity-specific networks; promoting trade and investment in oil and gas in Africa through the annual African Oil and Gas Trade and Finance Conferences; and building partnerships..

61. UNCTAD has elaborated development benchmarks on assessment of the impact of trade on development and vice versa, producing the Trade and Development Index (TDI), contained in a new report on *Developing Countries in International Trade 2005* (SPC paragraph 95). The TDI provides country rankings in terms of trade and development performance, as well as a diagnostic and policy tool that makes it possible to systematically identify factors explaining such performance.

62. UNCTAD has helped developing countries in services sector development and liberalization strategies so as to improve export competitiveness, attract investment and spur economic development (SPC paragraph 99). Key programmes include the assessment of liberalization of trade in services in over 30 developing countries covering different sectors to serve as an input to possible national master plans on services or negotiations. The importance of infrastructure services and of ensuring universal access to essential services has been emphasized, and clarification has been provided in respect of services negotiations

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<sup>‡‡</sup> For example, a panel on "Challenges for international commodity policy - the cotton problématique" for the UN General Assembly in 2005 and a Ministerial Roundtable Meeting on "The Impact of Commodities on Poverty Reduction and Sustainable Development in Least Developed Countries and other Vulnerable Economies" at ECOSOC in 2005.

<sup>§§</sup> International Commodity Information Electronic Portal.

and key rules-related issues in services, including the Emergency Safeguard Mechanism and subsidies.

63. UNCTAD has also supported the reinforcement of institutional, human resource, regulatory and infrastructure capacities in the field of trade (SPC paragraph 95).

64. UNCTAD's activities have contributed to enhanced understanding on the part of the global community and strengthened capacities of developing countries to address the interface between trade, environment and development, including: (a) the need to address market entry barriers in the context of the Consultative Task Force on Environmental Requirements and Market Access; (b) options to support efforts on the preservation, protection and promotion of traditional knowledge nationally and internationally, including through intellectual property protection systems; (c) the transfer of environmentally sound technology; (d) promoting environmental goods and services of export and development interest to developing countries, including in Doha negotiations; (e) reviewing eco-labelling and related certification costs; (f) following up on trade aspects of the Johannesburg Plan of Implementation; (g) strengthening the UNEP-UNCTAD Capacity-building Task Force on Trade, Environment and Development; (h) through the BioTrade Initiative, giving concrete expression to the reconciliation of sustainable use of biodiversity with development gains; and (i) through the BioFuels Initiative, promoting the wider use and production of biofuels for developing countries (SPC paragraphs 101 and 103).

65. UNCTAD has contributed to the provision of comprehensive, reliable and up-to-date trade statistics and databases concerning trade flows and measures affecting agriculture, manufactures and services, along with user-friendly analytical tools that are key to formulating sound national policies and trade negotiation strategies (SPC paragraph 95). UNCTAD is filling this niche through the use of such tools as the Trade Analysis and Information System (TRAINS) and the World Integrated Trade Solution (WITS); the Agricultural Market Access Database (AMAD) and the Agricultural Trade Policies Simulation Model (ATPSM); the ongoing development of a Common Analytical Market Access Database (CAMAD); and the Measures Affecting Services Trade (MAST) database.

66. UNCTAD's work on competition policies has increased awareness of the importance of controlling anti-competitive practices affecting developing countries and countries with economies in transition in domestic and international markets in the context of increased globalization, liberalization, deregulation and privatization (SPC paragraphs 95 and 104). UNCTAD has facilitated stronger international cooperation and exchange of experiences, and it has formulated model laws. It helped over 20 countries and several regional organizations in formulating and implementing competition policies. The United Nations Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices (UN Set), which was reviewed and reconfirmed in 2005 by the Fifth Review Conference of the UN Set, has since 1980 promoted non-binding norms for Governments and enterprises at national and international levels to deal with anti-competitive practices and structures and make markets more efficient, equitable and fair. The introduction of peer reviews in UNCTAD in 2005 for the first time has moved UNCTAD's work towards "soft coherence".

67. Inter-agency cooperation has been useful in ensuring efficient delivery of activities, avoiding duplication, and enhancing and widening impact on the ground. UNCTAD cooperated with other United Nations organizations, academia, private sectors and civil society in the delivery of many of its activities (SPC paragraph 11).

68. The secretariat has continued to help strengthen human resources, know-how and competences, as well as institutional and regulatory frameworks and infrastructure, in the field of trade (SPC paragraph 95), particularly through the training and capacity building programmes TRAINFORTRADE, the Virtual Institute on Trade and Development<sup>\*\*\*</sup> and the Training Course on Key Issues on the International Economic Agenda (SPC paragraph 109, Bangkok Plan of Action paragraph 166).

## V. PARTNERSHIP FOR DEVELOPMENT

69. The São Paulo Consensus (paragraph 110) noted that efforts to meet challenges and opportunities of globalization could benefit from enhanced cooperation between all partners, and that UNCTAD had played a prominent role in developing partnerships with various components of civil society.

70. The SPC, in paragraphs 115 and 117, called on UNCTAD to “make the participation of civil society, in particular NGOs and academic circles, the private sector and other organizations of the UN system more systematic and better integrated with intergovernmental processes...” To this end, the Trade and Development Board was mandated to organize “informal hearings with non-state actors to allow them to express their views on the issues before the Board...”

71. To date, two hearings with civil society and the private sector have been organized as part of the annual sessions of the TDB. The outcomes of these hearings were submitted as an input into the discussions of the Board. Better participation and interaction from member States is needed to encourage a constructive and fruitful dialogue. Some member States have suggested that the hearings’ agendas be more focused.

72. As requested in the SPC, the secretariat raised extrabudgetary funds to support the participation of five civil society representatives from developing countries for each hearing. Unfortunately, further efforts have not yet yielded the requisite funds to ensure sufficient representation in the future. It is hoped that member States will provide more support to ensure the active participation of civil society from developing countries in future hearings.

73. In accordance with paragraph 118 of the SPC, civil society representatives continued to be involved in and contribute to the work of the Commissions and expert meetings according to the rules adopted by the Board. However, further efforts should be made to ensure that experts from civil society participate in the Commissions and expert meetings.

74. Other informal exchanges and consultations on issues of concern to civil society and UNCTAD were organized in 2004 and 2005 to provide an opportunity for information exchange and dialogue between civil society and the secretariat. These meetings were greatly appreciated by civil society organizations.

75. The SPC (paragraph 114) noted that partnerships in the area of ICT for development, commodities, investment and capacity building were being launched at the Conference. The status of work in these areas is outlined briefly below.

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<sup>\*\*\*</sup> More information on the Virtual Institute on Trade and Development is provided in Chapter V.

## 1. Information and communications technology for development

76. The **Partnership on Measuring ICT for Development** now has 11 members: Eurostat, ITU, OECD, UNCTAD, UNESCO Institute for Statistics, ECA, ECLAC, ESCAP, ESCWA, the UN ICT Task Force and the World Bank. Partners carried out a global stocktaking exercise to assess the availability of official information society statistics in developing and transition economies, the results of which were published in a partnership report released at WSIS Tunis (November 2005). Consultations between partners and national statistics offices led to a core list of ICT indicators that could be collected by all countries. A partnership publication on the core ICT indicators, including definitions, model questions and methodological notes, was also released at WSIS Tunis, in connection with which UNCTAD co-organized a thematic meeting (Geneva, February 2005) and a side event (Tunis, November 2005) on “Measuring the Information Society”.

77. At a partnership meeting held in November 2005, partners elected a steering committee composed of UNCTAD, ITU and UNESCAP. The steering committee has developed a work plan for the partnership (2006-2007) and established four task groups (on capacity building, ICT in education, e-government and database development). A website showcasing the work of the partnership and providing a discussion forum on its activities is being hosted by UNCTAD (<http://measuring-ict.unctad.org>).

78. **E-Tourism Initiative:** UNCTAD's partner institutions in its eTourism Initiative are, among others, the International Trade Centre (ITC/UNCTAD/WTO), the UN Environment Programme (UNEP) and the World Tourism Organization (UNWTO). The World Tourism Organization hosted the first inter-agency meeting (Madrid, November 2004), which resulted in a proposal to create a UN Tourism Network (UNTN), a light, flexible and practical mechanism to promote inter-agency cooperation in the field of tourism, taking into consideration the specificities of UN organizations and agencies.

79. A website (<http://etourism.unctad.org>), available in English, French and Spanish, was launched in April 2005 as a tool for the promotion of UNCTAD activities in the field of tourism. TrainForTrade pedagogical material aims at creating awareness among policy-makers and the private sector of the business opportunities and challenges created by ICTs when applied to the tourism industry.

80. **Free and Open Source Software Partnership:** UNCTAD has signed a memorandum of understanding (MoU) with Novell. Other such memoranda are under development with the Free Software and Open Source Foundation for Africa and the Free and Open Source Software Foundation of Pakistan. UNCTAD has also signed an MoU with the Government of Brazil in order to support Portuguese-speaking countries in Africa in building capacity in FOSS-related issues.

81. **E-finance network:** UNCTAD was instrumental in establishing an e-finance network whose main focus for the last two years has been on improving SMEs' access to trade-related finance and e-finance. Through this network, UNCTAD collected information that served as the basis for a chapter of the *Information Economy Report 2005*.

82. **ePol-NET:** UNCTAD's Global ePolicy Resource Network (ePol-NET), which was launched during WSIS Geneva in 2003, provides a focal point for global efforts in support of national e-strategies for development.

## **2. Commodities**

83. At UNCTAD XI, Governments called for the creation of an International Task Force on Commodities (ITFC).

84. After consultations with various stakeholders involved in the commodities area, UNCTAD issued a draft proposal to foster partnerships among international organizations, Governments and civil society. H.E. Mr. Benjamin William Mkapa, former President of the United Republic of Tanzania, confirmed his availability to chair the ITFC, and the business sector (including some major corporate companies), as well as the NGO community, indicated their intention to participate in the process.

85. However, the Task Force can only start its operations once the necessary donor support has been mobilized, and as of today, the ITFC has not received any concrete financial support.

## **3. Investment**

86. The “Investment for Development Partnership”, as spelled out in the annex to the São Paulo Consensus, is designed to allow UNCTAD to better assist developing countries in their efforts to build productive capacity and international competitiveness through an integrated set of products, programmes and services. By the time of the Conference, donors had pledged over US\$ 3 million to support this initiative. This level of funding has been sustained annually.

87. In the spirit of “Partnership for Development”, cooperation was strengthened at the multilateral level with the World Association of Investment Promotion Agencies (WAIPA), a principal partner. This cooperation includes information and experience sharing, as well as outreach on best practices, joint research and publications, and a series of training workshops for IPA officials from developing countries and transitional economies.

## **4. Capacity-building and training, including training and academic institutions**

88. The secretariat has continued to help strengthen human resources, know-how and competences, as well as institutional and regulatory frameworks and infrastructure in the field of trade (SPC paragraph 95), particularly through the training and capacity building programmes TrainForTrade and the Training Course on Key Issues on the International Economic Agenda (SPC paragraph 109, Bangkok Plan of Action paragraph 166). UNCTAD has been implementing the São Paulo Consensus as it relates to cooperation with academic institutions in the context of trade-related capacity building for member countries (SPC paragraphs 114-115 and SPC annex paragraphs 9-11) through the UNCTAD Virtual Institute on Trade and Development. In addition, the secretariat is building institutional capacities and private/public partnerships through e-business applications in areas of particular interest to developing countries – for example in the tourism sector – for the increased participation of SMEs in the international market (SPC paragraphs 114-115 and annex).

## **VI. CONCLUSIONS**

89. The implementation of the São Paulo Consensus over the last two years spans an extensive programme of activities under the three pillars of research and analysis, intergovernmental processes and technical cooperation. UNCTAD's flagship reports, parliamentary documentation and studies have covered strategic issues in the world economy,



including the macroeconomic situation, trade, debt, poverty, investment, finance and interdependence. UNCTAD's databases and analytical tools are used in these analyses and also provide direct assistance to member States in relation to debt management, trade negotiations and trade procedures. In the last two years, considerable interest has also been generated in UNCTAD's intergovernmental bodies. Expert groups have provided detailed analysis in a number of new areas, such as dynamic sectors in world trade, services assessment and non-tariff barriers. However, to be effective, clear conclusions are necessary to serve as the basis for further secretariat work, including technical cooperation. Today, technical cooperation work is carried out as a cooperative effort between donors, beneficiaries and other agencies within their respective mandates, often on an urgent basis. Technical cooperation funding has increased, but there are still heavy demands that in some instances have been met through co-funding from beneficiaries. Experience of the implementation of the SPC confirms that in the medium and longer terms, there is a need to nurture self-sustaining capacity – human, regulatory and institutional frameworks. In this respect, various partnerships and other cooperative arrangements – such as those launched at UNCTAD XI – have proven to be valuable mechanisms that make the best use of resources and maximize the reach and impact of UNCTAD's work. Greater efforts may be needed to disseminate policy lessons from UNCTAD's work to member States' Governments.

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