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STRENGTHENING THE THREE PILLARS OF UNCTAD

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 operation of the three pillars of UNCTAD: research and analysis, consensus building, and technical cooperation.[†]

2. UNCTAD is a knowledge-based institution with a focus on trade and development. This orientation has been reinforced over the years as a result of the continuous adaptation of the institution both to the evolution of a rapidly changing world economy and to the evolving needs of developing countries.

3. The idea of intrinsically linked but distinct functions of UNCTAD was clearly articulated at the eighth session of UNCTAD, held at Cartagena, Colombia, in 1992. In many ways, this Conference was a turning point in UNCTAD's role in multilateral negotiations and international policy dialogue. The final outcome defined the organization's new role as follows:

“... UNCTAD should promote international consensus on principles and strategies for policy action at the national and international levels to enhance the development prospects of Member States, particularly those of developing countries. It should also provide a forum for the exchange of experiences among Member States so as to enable them to draw appropriate lessons for the formulation and implementation of policies at the national and international levels and for international economic cooperation. In line with this mandate, the functions of UNCTAD comprise policy analysis; intergovernmental deliberation, consensus building and negotiation; monitoring, implementation and follow-up; and technical cooperation.”

4. Over the years, the responsibility for implementing UNCTAD's work programme has been entrusted to the five substantive divisions, organized as vertical entities. In effect, therefore, the responsibility for maintaining coherence between the three pillars is also organized within a vertical, increasingly self-contained, organizational structure. All divisions undertake, in one form or another, analytical/research work, which is presented/discussed in the Trade and Development Board or one of its subsidiaries, while related technical assistance activities are generated and managed within the divisions with more or less intensity depending on the degree of demand and supply driving the process.

5. The success and uniqueness of UNCTAD's three pillars was recognized and reiterated in the Spirit of São Paulo and the São Paulo Consensus. In the Spirit of São Paulo (paragraph 1), member States stated that: “UNCTAD has also provided an invaluable forum for advancing the interrelationship between trade and development, from both a national and an international perspective, across the three pillars of its mandate.” In the São Paulo Consensus (paragraph 3), member States agreed that: “Through its three major pillars, namely consensus building, research and policy analysis, and technical assistance, it [UNCTAD] has contributed to a better understanding of the development process and the factors contributing to uneven economic growth in developing countries. Coordination and synergies among these three areas of work should continue and be enhanced.”

[†] Also relevant for the discussions in the Board is the documentation for the first part of the twenty-third special session, in particular TD/B(S-XXIII)/2/Add.2, as well as UNCTAD's annual reports for 2004 and 2005.

II. RESEARCH AND ANALYSIS

Background

6. Research and analysis has been the backbone of UNCTAD's work on trade and development ever since its establishment. Although the scope and orientation of this work has changed over time, it nevertheless remains the main driving force for a knowledge-based institution like UNCTAD. Consensus building and technical cooperation can only be successful if they are founded on serious research in all areas relevant for successful development.

7. UNCTAD's research and analysis covers a variety of topics on the development agenda ranging from systemic problems of the globalized economy in the fields of trade and finance to the scope and role of national policies in this environment. UNCTAD's research cannot just apply clear-cut economic theory and principles but has to be pragmatic and has to be based on empirical evidence of what works and what does not work in the particular circumstances of developing countries, sometimes drawing on statistical or econometric analysis, sometimes drawing on lessons from case studies.

8. The results of theoretical and empirical research and analysis in the areas of trade, finance, investment, commodities and sustainable development provide the basic inputs for the intergovernmental process, as well as technical cooperation-related activities. The main tools of dissemination of the results are the major reports like the *Trade and Development Report*, the *World Investment Report*, the *Economic Development in Africa* report and the *Least Developed Countries Report*, as well as many other policy-oriented documents. The results of UNCTAD's work in this field are also delivered directly to Governments as part of capacity building under technical cooperation programmes. Examples of this kind of research output include the TRAINS (Trade Analysis and Information System) database, together with the World Integrated Trade Solution (WITS); INFOCOMM and INFOSHARE, which provide market information on commodity profiles electronically; and the database on MAST (Measures Affecting Services Trade), the DMFAS programme, ASYCUDA, the e-tourism initiative, and the Agricultural Trade Policy Simulation Model (ATPSM). A distinguishing feature of these activities is that, by contributing to capacity building, they allow member States to better manage their debt and their customs operations or undertake their own analysis to determine and exploit market opportunities or negotiating positions.

9. Results of UNCTAD's research and analysis also serve as inputs to UN processes, publications and documentation in New York, as well as training materials. The outcomes of peer reviews in investment and in science and technology policies are followed up at the national level through concrete technical cooperation activities or further research work. Increasingly, the findings of UNCTAD's research and analysis, databases and analytical tools are being disseminated through the Internet. In addition, UNCTAD staff disseminate findings through participation at national and international conferences, seminars, workshops and specialized training programmes, for example the activities carried out in implementation of paragraph 166 of the Bangkok Plan of Action and under the aegis of the Virtual Institute.

Current situation

10. UNCTAD carries out research and analysis that bear directly on technical cooperation and negotiations in respect of macroeconomic policy, trade and investment at the

regional and multilateral levels. This work includes, for example, issues of coherence between national development strategies and international processes, including the international monetary, financial and trading systems, South-South cooperation, including the GSTP, developments in commodity markets, the implications of global imbalances and possible corrective measures. A number of outputs deal with issues related to fostering development-oriented outcomes in multilateral and regional trade negotiations in goods and services and other related issues.

11. UNCTAD research and analysis in relation to the multilateral trading system provides information and policy analysis on emerging issues relating to trade negotiations so as to build up and strengthen developing countries' capacity to conduct informed assessment of their developmental implications, as well as to identify and better articulate their priorities and strategies in trade negotiations. Notable examples include UNCTAD's longstanding research and analysis work on: the trade and development dimension of Doha negotiations; trade negotiations in services, in particular national assessments of the development impact of services liberalization; the developmental implications of WTO accession; the interface between the multilateral trading system and regional trade agreements; GSP and other trade preferences and South-South trade; dispute settlement in international trade; key trends in environmental, health and food-safety requirements in export markets; and environmental goods and services.

12. In recent years, a significant part of the research and analysis carried out by UNCTAD has focused on policies and best practices that contribute to more development-oriented outcomes at the national level. Research issues aimed at the development of good practice in national policies include analysing the relationships between trade, growth, employment and poverty reduction; the role of trade and investment in development, in particular in building supply and export capacity in developing countries; the specific needs of the LDCs and other small and vulnerable economies; science and technology, including ICT; transport, trade facilitation, and customs operations and reform; capacity development and distance learning; commodities; and interlinkages between environment policies and trade.

13. UNCTAD's research and analytical support is also often requested by individual countries and regional groups, especially in preparation for WTO Ministerial Conferences. In addition, UNCTAD prepares policy-oriented analysis as inputs for the reports of the UN Secretary-General to the General Assembly on wide-ranging issues, including international trade and development, commodities, debt, and science and technology for development. Such analyses are also provided for UN-wide studies such as the annual *World Economic and Social Survey*, the *World Economic Situation and Prospects*, and the *Millennium Development Goals Report*.

14. In its research activities, UNCTAD collaborates with other organizations and institutes. Examples of this include: the development and maintenance of the WITS/TRAINS system with the World Bank; the development and maintenance of the Agricultural Trade Policy Simulation Model with FAO; work on a new Common Market Access database in conjunction with WTO and ITC; work on the Agricultural Market Access Database (AMAD) in conjunction with OECD; work on commodities with the Common Fund for Commodities; work on ICT measurement with the 10 member organizations of the Partnership on Measuring ICT for Development; and work on the Global Partnership for Transportation and Trade.

15. UNCTAD's research work is further reinforced by technical analysis that addresses specific issues raised in the context of the intergovernmental process or technical cooperation activities to meet the specific needs of countries and regions. A large body of such analysis has been implemented by UNCTAD over the last two years. A few notable examples include: the new Trade and Development Index, contained in UNCTAD's new publication on *Developing Countries in International Trade, 2005*; the *Trade, Poverty and Cross-Cutting Development Issues* series; country-specific and sector-oriented services assessments; the *Handbook on Competition Legislation*; voluntary peer reviews on competition law and policy; market studies in the domain of biotrade, for example on selected natural ingredients for the cosmetics and pharmaceuticals industries; the *Trade and Environment Review*; and analytical papers on trade and transport.

Next steps

16. UNCTAD's research and analysis in all areas of its work will have to be adjusted to the new pattern of interdependence in the world economy, as well as to the outcome of the 2005 World Summit, which fully confirmed the relevance of the São Paulo mandate.

17. UNCTAD's flagship publications should be used as important vehicles for UNCTAD to contribute to the international debate and consensus building about appropriate development policies and the ingredients of a favourable international environment for development and poverty reduction. The 2004 and 2005 *Trade and Development Reports*, for example, were concrete contributions to the debate on how to achieve greater coherence between national development strategies and international processes and between the international monetary, financial and trading systems, but much more work remains to be done in this area. Despite the consensus that a collective approach is required to achieve greater coherence, there remains a considerable divergence of views among member States over how to achieve such coherence. Thus, sound policy-oriented research and analysis will be necessary to support efforts to increase coherence in economic policies at both the national and the international level. In light of the deliberations of the Board, the analytical work underlying the *Trade and Development Report* should be directed at exploring the policy space available to developing countries in the light of possible constraints resulting from multilateral rules and regulations; examining the possibilities and implications of South-South and regional cooperation in the context of the formulation of development strategies; and analysing the relationship between trade and growth on the one hand and employment and poverty reduction in developing countries on the other.

18. Underlying UNCTAD's work on debt and finance issues is the recognition that macroeconomic developments, debt, finance, trade and development are interconnected. This approach has over time provided alternative views to debt relief and debt financing for development, which developing countries have found useful for their development strategies. The continuing support and recognition of this work by the General Assembly is testimony to UNCTAD's contribution to consensus-building in this area. To be relevant, research should be "ahead of the curve", anticipate potential problems that may emerge and address challenging new issues on the international agenda. The project on capacity-building for debt sustainability and the assessment of the development impact of credit rating agencies (in line with a General Assembly request and the World Summit Outcome) are examples of such proactive research.

19. There may be further scope for strengthening UNCTAD's links with the development research community in both developed and developing countries, for example by instituting a programme of visiting scholars or deepening the organization's contacts with research networks. Such a broad-based research effort should allow UNCTAD to meet urgent demands with timely and quality responses. In the course of the intergovernmental processes, member States sometimes make reference to issues that are emerging in their own countries or regions, as well as internationally, which provides useful indications that allow UNCTAD to prepare responses to future needs.

20. While there is general awareness of UNCTAD's research and analytical work, its dissemination in developing countries remains to be improved. Thus, greater efforts are needed to ensure wider distribution, especially among policy makers in developing countries, who are the main beneficiaries. This calls for a more effective communications strategy, including a rethinking of methods of dissemination, in particular channels used to reach policy makers in targeted countries.

III. CONSENSUS BUILDING

Background

21. UNCTAD's intergovernmental machinery is a deliberative mechanism for discussing and building consensus on key international and national issues from a trade and development perspective. It also provides guidance to the UNCTAD secretariat on issues for further research and analysis and technical cooperation in all relevant areas.

22. The debates and experiences shared through UNCTAD's intergovernmental deliberations in the last four decades have contributed to policy thinking in terms of creating better linkages between trade and development and other sectors of the economy, mitigating risks, debt management, technology transfer, poverty reduction, building partnerships, building trade capacity and institution building. The intergovernmental process has also guided UNCTAD's technical assistance and analytical work. In this light, a key lesson learnt for the future has been that robust, sustained and results-oriented intergovernmental processes in UNCTAD are needed to build confidence and consensus and to complement and enrich research and analysis and technical cooperation in all relevant areas. Another lesson is that, for developing countries to achieve informed engagement and enhanced participation — both qualitative and quantitative — in international trade and trade negotiations, they need support, and UNCTAD, through its intergovernmental consensus building, is in a unique position to provide such support. Strengthening this role of UNCTAD is a key challenge for the period ahead.

23. The two main turning points in the recent history of UNCTAD's intergovernmental machinery were UNCTAD VIII at Cartagena in 1992 and UNCTAD IX at Midrand in 1996. At Cartagena, in the context of a desire for institutional adaptation and revitalization, the intergovernmental machinery was restructured with the stated aims of providing enriched policy discussion, addressing national and international development issues more effectively, and stimulating greater participation of national policy makers. The Trade and Development Board was to meet twice a year in regular session (each session lasting two weeks) and also in short one-day or half-day executive sessions. Its main committees were to consist of four standing committees — on commodities, poverty alleviation, economic cooperation among developing countries, and developing service sectors — a Special Committee on Preferences, and an Intergovernmental Group of Experts on Restrictive Business Practices. It was also to have five ad hoc working groups (to be established for two years but with the possibility of extension) on investment and financial flows, trade efficiency, comparative experiences with privatization, expansion of trading opportunities for developing countries, and the interrelationship between investment and technology transfers. It was stipulated that the results of deliberations in the intergovernmental machinery need not take the form of resolutions and that greater use should be made of agreed conclusions and assessments or summings-up by presiding officers. There was a widespread feeling after the Conference that UNCTAD would henceforth play a vital role in shaping opinions and reaching consensus, rather than as a forum for negotiating international agreements.

24. The current structure of UNCTAD's intergovernmental machinery was established at UNCTAD IX in Midrand in 1996.[‡] The intention of the reform introduced at Midrand was to reduce the size of the intergovernmental machinery and the number of meetings, increase

[‡] See "A Partnership for Growth and Development" (TD/377), section III.B, paragraphs 107 to 116.

the level of expertise available to intergovernmental deliberations, improve linkages between the work of the secretariat and that of the intergovernmental bodies, and strengthen the integration among the three pillars of UNCTAD. The resulting machinery was conceived as a sequence involving expert advice, intergovernmental policy dialogue at the Commission level, and intergovernmental policy dialogue and decision-making at the Board level.

25. According to the decisions taken at UNCTAD IX, the Trade and Development Board meets once a year in regular session in the autumn to deal with interdependence and global economic issues from a trade and development perspective. It meets in executive sessions up to three times a year to deal with policy and institutional matters. The Working Party on the Medium-Term Plan and Programme Budget deals with budget matters and UNCTAD's technical cooperation programme. The three Commissions (the Commission on Trade in Goods and Services, and Commodities; the Commission on Investment, Technology and Related Financial Issues; and the Commission on Enterprise, Business Facilitation and Development) perform integrated policy work and have greater delegation of decision-making on matters of substance. In order to benefit from a higher level of technical expertise, each Commission is also allowed to convene up to three expert meetings not exceeding three days, the outcome of which need not be in the form of agreed conclusions. Technical matters discussed at the expert level should be reported to the relevant Commission, and it is for the parent Commission to consider the policy implications. Experts should be nominated by Governments and serve in their personal capacities. Participants to expert meetings can come from the public and private sectors, academia and NGOs. In addition to these arrangements, two intergovernmental groups of experts remained in place, namely the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, and the Intergovernmental Group of Experts on Competition Law and Policy.

26. Since UNCTAD IX, the intergovernmental machinery has been examined twice, on both occasions during mid-term reviews. It was not discussed at UNCTAD X or UNCTAD XI. The aim of the review exercises was to adjust and improve the machinery, not to restructure it. In February 1998, in preparation for the Mid-term Review relating to UNCTAD IX, the Board adopted guidelines on the efficiency and functioning of the machinery (decision 446 (EX-16)). It decided, *inter alia*, that: the role of bureaus should be an active one; member States should be consulted well in advance in connection with the topics of panels and the choice of panellists; the length of time spent on panels should be limited; the Board should examine the work of the Commissions and not just take note of their reports; the bureaus of the Commissions should continue to function between Commission sessions; the Commissions should discuss technical cooperation programmes linked to their work programmes; wherever possible, as the outcome of their work, the Commissions should seek to adopt agreed conclusions of relevance to the international community, Governments and the UNCTAD secretariat; and as the outcome of their work, expert meetings should seek to identify possible policy options relating to capacity-building and general policy guidance.

27. In 2002, during the Mid-term Review relating to UNCTAD X, the Board reviewed the intergovernmental machinery once again (TD/B(S-XIX)/7). It decided, *inter alia*, that: the Board's agenda should be more varied and flexible; following the publication of the *Least Developed Countries Report*, an executive session of the Board will meet to discuss the report and other issues of interest to LDCs; the Commissions should conduct a policy discussion on the basis of secretariat research, reports of expert meetings and other relevant inputs; the bureau and the regional coordinators will indicate the nature of the outcome they

seek from the Commissions, and whenever possible the outcome should be a Chairman's summary reflecting substantive dialogue, while further options may include principles, guidelines, agreed conclusions, identification of best practices, etc.; the Commission concerned should consider continuing discussions on a particular theme over a series of expert meetings; the outcome of expert meetings should reflect the substantive dialogue and general points of agreement; and Members would find, by the end of 2002, a long-term solution for predictable financing of the participation of experts in expert meetings.

Current situation

28. In terms of achievements, since UNCTAD XI the Board has produced a number of concrete outcomes that have contributed to both policy dialogue and consensus building. It has held two high-level segments, on 'New developments in international economic relations' and 'Economic growth and poverty reduction'. In July 2005, with a view to providing an input to the Millennium +5 Summit process, it devoted a special session to the "Contribution of the Trade and Development Board to the follow-up to the relevant United Nations development conferences, including the Millennium Summit". It has adopted agreed conclusions on the least developed countries and development in Africa. It has also adopted agreed conclusions on technical cooperation. It has conducted annual reviews of developments and issues in the post-Doha work programme of particular concern to developing countries. The results of its deliberations were reported to the General Assembly.

29. The Commissions have had some success in generating discussion on thematic issues. Another very successful element has been the interaction with civil society organizations and the private sector on substantive trade-and-development-related issues. In some cases, the Commissions have also provided world-class fora for international experts on key development topics such as non-tariff barriers, services and development, and trade and investment opportunities in biotrade. Commissions have also provided useful feedback and guidance to UNCTAD substantive programmes on the direction of their work. They have further served as useful forums for peer reviews in the areas of investment policy, competition law and policy, and innovation policy.

30. Some expert meetings have provided a catalyst for international sharing of experience and best practices in emerging trade and development issues, for example the Expert Meeting on Free and Open Source Software in 2004, the Expert Meeting on Distribution Services in 2005 and the Expert Meeting on Capacity Building in the area of FDI also in 2005. There have also been successes in terms of bringing together key actors from government, the private sector and civil society on a particular topic, for example professional services. In some cases, expert meetings have resulted in the establishment of knowledge sharing networks (the UNCTAD E-Tourism Initiative) and platforms (ICT measurement website) or joint proposals for either research or technical cooperation (new and dynamic sectors of world trade).

31. The two intergovernmental groups of experts have continued to serve as important fora and authoritative sources of conclusions and of guidance for member States and the secretariat in respect of all three pillars. The Intergovernmental Group of Experts on Competition Law and Policy served as the preparatory body for the Fifth United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices held in 2005.

32. Areas of persistent concern in the working of the intergovernmental machinery would include the following:

- The agendas of the regular sessions and executive sessions of the Board are still basically the same every year, so the increased flexibility called for in 2002 has not been achieved.
- The links between expert meetings and the Commissions and between the Commissions and the Board tend to be purely formal in nature, with the higher-level body merely taking note of the report of the lower-level body.
- Delegations have not always been able to agree whether the outcome of a Commission's work should be recommendations to the UNCTAD secretariat or agreed conclusions of a broader nature.
- The number of expert panellists and the time allocated for their interventions sometimes do not allow sufficient time for intergovernmental discussions.
- Bureaus may not always have played the active role envisaged for them at previous Mid-Term Reviews.
- Expert meetings have been uneven in terms of documentation, participation, level of expertise, interest of topic and outcome.
- The issue of financing of experts has not been resolved.
- The reports of UNCTAD's intergovernmental bodies do not always comply with UN reporting guidelines, in particular length limitations.
- The results of the work of the intergovernmental machinery have not been sufficiently disseminated.
- The monthly consultations of the President of the Board involving all interested delegations have taken place only irregularly.

Next steps

33. Past practice has been for structural changes to the intergovernmental machinery to be undertaken by Conferences, at the Ministerial level. Mid-term reviews have confined themselves to examining and improving methods of work. It is therefore assumed that the present Mid-term Review will not involve a major overhaul of the intergovernmental machinery but rather adjustments and improvements.

34. As a general point, it might be useful to revisit the linkages between the different parts of the intergovernmental machinery. At present, in theory, a particular topic, often selected by member States at the suggestion of the secretariat, is discussed in an expert meeting. The outcome of this meeting is presented in the Commission for policy discussion, and the work of the Commission is then to be discussed by the Board. However, as noted above, the links between the different levels tend to be rather formal and therefore not very effective. It may be that expectations about linkages have been excessive, and that not all issues need to be discussed at all levels. Different topics could perhaps be taken up at different levels, as appropriate, without there necessarily being a direct sequential link in the sense of outcomes being transmitted to a higher level for further policy discussion.

35. It must also be asked whether the guidelines proposed in the last Mid-Term Review are being implemented with the necessary vigour. For example, the outcome of the 2002 Mid-term Review states: "While considering the outcome of expert meetings, the Commissions should complement the issues dealt with by expert meetings, and avoid duplicating their debates as much as possible. ... The Commissions should conduct a policy discussion on the basis of secretariat research, reports of expert meetings and other relevant inputs." More attention could be paid to ensuring that the topics chosen for expert meetings and Commission agendas make this scenario possible.

36. At the level of the Board, the work of the Board should be strengthened through adjustments to the agendas for regular sessions and executive sessions. For example:

- The Board's agendas could be more varied and more topical;
- The Board may wish to provide inputs to the General Assembly resolution on international trade and development;
- An item on investment could be included in the agenda of the regular session;
- The practice of having an executive session of the Board on the LDC Report could be revived (the session could deal with all LDC issues, thus freeing up the agenda of the regular session);
- The possibility of devoting an executive session to substantive discussions on Africa could be considered (once again freeing up the agenda of the regular session);

37. At the level of the Commissions:

- The agendas of the Commissions could be limited to one or two major themes and a policy review. Policy reviews could also take the form of stand-alone events chaired by Commission Presidents.
- In Commission deliberations, the time devoted to panel discussions should be reduced.
- The role of bureaus could be enhanced, for example in terms of playing a more active role in deciding on the nature of outcomes, future agendas and expert meeting topics.
- The Commissions could actively seek to comply with UN reporting guidelines, for example by agreeing to do away with summaries of individual statements.

38. At the level of expert meetings:

- Within the existing expert meeting structure, each Commission could consider having a multi-year expert meeting dealing with a specific overarching issue. Each Commission would then have a mixture of one-off expert meetings and multi-year expert meetings. For the multi-year meetings, an overarching issue could be selected with a clear indication from the parent Commission as to the expected outcome and the timeframe. These expert meetings could report back succinctly to the parent Commission on a yearly basis until such time as their work is completed or their mandate is concluded. Outcomes could include identification of best practices, policy guidance, raising pertinent issues for further research and analysis, etc. The experts could also identify policy options relating to capacity building and general policy guidance without having to arrive at consensus. Such an approach would

foster stronger networking among experts and encourage the type of ownership currently seen in the intergovernmental groups of experts. Predictable financing would be essential.

- In preparing their summaries, Chairpersons could be encouraged to focus more particularly on areas of agreement in order to enhance the value of the outcome to policy makers.

39. More generally:

- The use of informal events to deal with topical issues, such as the informal brainstorming meeting on the development dimension of the Doha Round, convened by the Secretary-General of UNCTAD in January 2006, could be developed, and the participation of non-state actors could be further encouraged.
- The monthly consultations of the President of the Board could be strengthened as a means of regular, informal exchanges of views among delegations and between delegations and the secretariat.
- The outreach effort relating to the deliberations and outcomes of intergovernmental meetings could be the subject of particular focus. Whatever the nature of an outcome, if it is not made easily available to policy makers, its impact is likely to be minimal.

40. Finally, it is probably true to say that, whatever adjustments are made to the intergovernmental machinery, the success of the intergovernmental process will ultimately depend on renewed commitment by all stakeholders, in particular member States and the secretariat.

IV. TECHNICAL COOPERATION

Background

41. In most international organizations and bilateral aid programmes, technical cooperation activities emanate from substantive or intergovernmental activities and are usually driven by demand from beneficiary developing countries. In some cases technical assistance is designed with reference to the findings of policy research; in others it is directed primarily by intergovernmental or governmental decisions. In UNCTAD, technical cooperation activity is intrinsically linked with the research and analysis and consensus building pillars. Given UNCTAD's global mandate as the focal point of the United Nations for the integrated treatment of trade and development and interrelated issues, its technical assistance for developing countries is founded on three imperatives:

- It is driven and shaped by the demand/needs of beneficiary developing countries, their groupings, and countries in transition;
- It responds to and informs best practices in national and global development policy, as reflected in UNCTAD's research and analysis;
- It is reviewed and endorsed by intergovernmental fora, as well as by donor and beneficiary Governments.

42. The São Paulo Consensus reiterates the importance of UNCTAD's technical cooperation as one of the three operating modalities of UNCTAD, as first recognized at UNCTAD VII and elaborated at UNCTAD IX, which called for strengthened technical cooperation "as an essential complement to the institution's policy-oriented analytical and deliberative work".

43. UNCTAD X further consolidated the status of this pillar, declaring as follows:

"Technical cooperation is one of the three main functions of UNCTAD. It represents the practical manifestation of the organization's commitment to national, regional and global development.

UNCTAD's technical cooperation should focus on:

- (a) Capacity-building to assist developing countries integrate into the global economy in a manner consistent with their development needs;*
- (b) Preparations for multilateral negotiations on trade and the implementation of the results thereof; and*
- (c) Support for cooperation among developing countries at the subregional, regional and interregional levels;"*[§]

44. At São Paulo, the emphasis shifted to the effectiveness of UNCTAD's technical cooperation functions:

"Technical assistance activities implemented by UNCTAD require an appropriate follow-up with a view to strengthening their effectiveness. The issue of continuous and predictable funding of UN development activities should be addressed".

[§] TD/386, para. 164.

45. The UNCTAD Strategy on Technical Cooperation, adopted by the Trade and Development Board in its decision 478 (L) in 2003, is rooted in the concept of capacity development. It stresses the need to enhance the capacity of developing countries to formulate, implement and evaluate their own national trade, investment and development policies and to participate effectively in the international trading system, with a view to supporting appropriate development strategies and the achievement of MDGs.

46. The growing demand for UNCTAD's technical assistance and the parallel increase in voluntary resources provided by donors testify to significant support for UNCTAD's technical cooperation activities from both donors and beneficiary countries. The amount of voluntary contributions for technical cooperation activities has also increased significantly, from an annual average of US\$ 22 million between 2000 and 2004 to US\$ 34.8 million in 2005, with almost one third originating in developing countries (largely through multilateral loan or grant facilities).

47. Since the early 1990s, UNCTAD's approach to technical cooperation management has been that it should be decentralized to each division. This was, and continues to be, appropriate in the light of three major goals:

- The need to maintain the synergies between the three pillars of work, such that technical cooperation continues to be informed by and feed back into the other two pillars, while keeping up with growing demand;
- The wish to empower substantive staff, rather than administrative officers, to manage the technical cooperation cycle, as they are better placed to assess needs and deal with interested beneficiaries and donors;
- Maintaining a comparatively small administrative service, which needs to devolve as much as possible of the growing administrative burden associated with increasing annual demand for technical cooperation and the supply of bilateral donor funding.

48. Activities undertaken in the context of technical cooperation have generated a large degree of interaction between the three pillars of UNCTAD's work. In response to demand from developing countries, UNCTAD has undertaken a considerable amount of targeted field research in the context of its technical cooperation activities. The parameters of this research are determined by mandates defined in the São Paulo Consensus, and the findings have provided invaluable insights into the preparation of documents for intergovernmental meetings and helped in shaping UNCTAD's policy advisory work. UNCTAD implements a portfolio of national, regional, global, thematic and sectoral projects and programmes that benefit the entire range of developing countries, as well as countries with economies in transition. These activities encompass current and emerging issues in international trade (spanning commodities, services, environment and competition) and trade negotiations, WTO accession, investment and enterprise development, technology and IT, and debt, finance and development strategies. Technical cooperation activities have direct linkages with UNCTAD's comparative advantage, are demand-driven and supply-responsive, and are tailored to specific country, regional and global needs. Technical cooperation activities, financed by extrabudgetary resources, have also enabled UNCTAD to bring the outcome of its analytical and consensus-building activities to the field level. The details of these activities were fully reported in the documentation prepared on the implementation of the São Paulo Consensus for the first part of the Mid-Term Review and will be reviewed, as they are annually, at the September 2006 session of the Working Party on the Medium-term Plan and the Programme Budget.

Current situation

49. The development of UNCTAD's technical cooperation programme is today at a crossroads. Its achievements in delivering vital and innovative technical assistance to developing and transition economies, forging new partnerships for development and informing work in the other two pillars with real-life experiences are well established and documented elsewhere. And UNCTAD technical cooperation is well-placed to further grow and improve, but this will engender new challenges at the levels of management, strategic focus and external relationships. The Mid-term Review of UNCTAD's technical cooperation, in the context of its role as one of the three pillars, can provide strategic guidance to the secretariat on how to ensure that the related goals of the São Paulo Consensus are addressed. Accordingly, it is deemed useful to share with Governments the current state of reflection in the secretariat on areas for improvement. This review of the most critical issues reflects the seriousness with which the secretariat is approaching the need for continuously improved management of operational activities.

50. Three core areas will be crucial to sustaining progress and producing new achievements in technical cooperation:

- The management of technical cooperation;
- The relevance and coherence of the Strategy for Technical Cooperation;
- Partnerships and relations with international organizations, donors and beneficiaries.

51. Feedback from donors, beneficiaries, UNCTAD project managers and internal and external oversight bodies indicates shortcomings in delivery and in compliance with standard operational procedures, financial and operational reporting, and fund raising practices. In addition, some member States have referred to the lack of a coherent UNCTAD-wide technical cooperation programme, while others have stressed that technical cooperation should not overshadow UNCTAD's historical core functions of policy research and analysis and intergovernmental consensus building. As more international organizations are developing technical cooperation in areas that have traditionally been handled by UNCTAD, the need to rationalize donor funding patterns and cooperate better with other agencies has grown. At the same time, there are increased expectations on the part of donors in respect of ensuring that technical cooperation activities are implemented professionally, have a real impact and are appropriately managed and reported.

52. Although the decentralized structure generates a number of challenges as outlined above, it has placed the organization in a better position to ensure timely responsiveness to emerging needs of beneficiary countries and to extend its outreach. Reviews of the management and organization of UNCTAD's technical cooperation since 1994 have highlighted the positive impact that the decentralized approach has had on technical cooperation at its different stages: design, resource mobilization, planning, implementation, monitoring, evaluation and reporting. Efforts to enhance management of technical cooperation in UNCTAD in recent years have focused on ways of improving performance through enhanced central oversight, interdivisional information flows, divisional/management coordination, enhanced managerial capacity at the programme manager/officer levels, and improvement of administrative procedures. Today, with the increase in technical cooperation activities and funding, the decentralized management approach faces new challenges:

- Levels of performance differ between different technical cooperation programmes;
- Professional staff members dealing with technical cooperation in divisions have to devote considerable time to technical cooperation administration, risking distraction from the research and deliberative functions of the organization;
- While some parts of the secretariat are delivering up to their full potential with the resources available and could deliver more if they had access to additional resources, other parts may have access to more resources than they can swiftly deploy;
- There is a heterogeneous technical cooperation managerial culture;
- Financial and other compliance risks have increased;
- There are external perceptions that UNCTAD technical cooperation lacks coherence and a sufficiently distinct identity amongst the different providers of trade-related technical assistance at the international level.

53. Regarding UNCTAD's overall strategy for technical cooperation, the Strategy adopted by the Board in its decision 478 (L) and endorsed at UNCTAD XI has not lived up to its ambitions. Basically, the formal adoption of the Strategy has not had the expected impact on technical cooperation activities in terms of programme development, fund raising patterns and delivery and implementation. The strategy accurately conveys the spirit and rationale of UNCTAD's technical cooperation, as well as summarizing its main sectoral targets. However, an indicative programming framework is lacking, as are functional links to the actual growth of resources and activities in different areas of technical cooperation. The Strategy does not provide clear impetus or practical guidance for decisions on new activities, nor does it drive resource mobilization efforts. Nor has the Strategy been used as a tool to consolidate, rationalize and prioritize resource allocation between programmes.

54. As UNCTAD trade and related technical cooperation activities have expanded over the past years, related programmes have been initiated by a range of other international organizations (e.g. UNDP, WTO and the World Bank), regional groupings (e.g. the Commonwealth Secretariat, the European Commission and regional financial institutions) and civil society actors (e.g. non-governmental organizations, research institutions and enterprise sector actors). UNCTAD has collaborated or coordinated with such initiatives when invited to do so and to the extent that its own programme priorities have permitted. UNCTAD is closely engaged in the ongoing deliberations in the context of United Nations reform, in particular on issues of coherence and operational activities for development, and its leading role in trade-and-development-related technical cooperation will certainly benefit from the outcome of that process. It is recognized that new development cooperation challenges require that UNCTAD intensify its outreach and collaboration within an increasingly crowded playing field. In this context, the secretariat should maintain its focus on nurturing its unique global competencies, so as to best respond to specific technical assistance needs of developing countries at the regional or national level.

55. UNCTAD is operating in an increasingly "globalized" international development cooperation system, which has opened new frontiers for inter-agency collaboration at the global, regional and national levels. This places the issues of UNCTAD's strategic partnerships and coherence with the functions of other UN system development agencies at centre stage. Accordingly, UNCTAD is ready to contribute to new system-wide programmes (e.g. the still-emerging Aid For Trade Initiative) and to continue its engagement with others

(e.g. the Integrated Framework for LDCs and the Joint Integrated Technical Assistance Programme for Selected Least Developed and Other African Countries). The dialogue that UNCTAD has intensified recently with DESA and UNDP, the World Bank, the WTO secretariat and other agencies will help to position UNCTAD such that it can best realize its comparative advantages in operational activities for development.

Next steps

56. The UNCTAD secretariat is taking a series of steps to strengthen its technical cooperation role, guided by the following goals and principles:

- Increased efficiency, by making technical cooperation activities more focused and by improving project design, implementation, monitoring and impact assessment;
- Increased credibility, through better delivery, reporting and publicity for technical cooperation work;
- Increased coherence, through better coordination, synchronization and realization of synergies, both internally and with donors, beneficiaries and allied agencies;
- Continued respect for demand-driven and beneficiary-tailored activities;

57. It has been concluded that for the immediate future, the decentralized approach to technical cooperation will be maintained. Several goals appear to constitute the core of a broad consensus on the way forward as regards the future thrust of UNCTAD technical cooperation activities:

- A stronger “centre” is needed to make technical cooperation more effective. Decentralized project preparation and implementation can function successfully in UNCTAD only with a centrally driven approach that provides overall coherence and direction.
- The Secretary-General of UNCTAD will be introducing changes in the organizational structure of the secretariat to adapt it for better technical cooperation design, delivery and implementation; better coordinated fund raising and reporting; and greater coherence and synergies between programmes;
- The managerial culture will be brought into line with best practices to achieve greater professionalism, predictability and efficiency, and to ensure full compliance with UN Rules and Regulations, through more specialized training in technical cooperation management and other modalities;
- UNCTAD will introduce an information sharing system adapted from the ITC Portal to, inter alia, enhance internal information flows on technical cooperation and to enable donors and beneficiaries to obtain timely and pertinent information on technical cooperation activities;
- The linkages between technical cooperation and the other two pillars of UNCTAD's work will continue to be strengthened. This will promote consolidation of UNCTAD's technical cooperation programme through an exercise of stocktaking, consolidation and creation of the necessary coordination mechanisms;

- The Strategy on technical cooperation should be reviewed to ensure that it is fully adapted to the operational realities of UNCTAD's technical cooperation and better positioned externally;
- In the same context, the UNCTAD secretariat will articulate a realistic vision of the extent to which its technical cooperation activities can usefully develop a national focus;
- The outcome of current deliberations on the future role of UN country teams, to which UNCTAD can certainly contribute from its global vantage point, will also be important in determining the administrative effectiveness with which UNCTAD can shoulder a growing technical cooperation portfolio in the range of areas for which it has demonstrated its substantive, technical and operational competencies.
- In the context of inter-agency collaboration, UNCTAD will also build on, and better project, its range of technical competencies, experience and expertise, as well as its three-pillar structure, which ensures that technical cooperation is not undertaken in a substantive or political vacuum.
- Member States and donors have a key role to play in ensuring that the key competences of UNCTAD are not duplicated by other UN agencies and international organizations, so as bring about greater coherence in the provision of technical cooperation.
- Sustained improvement of UNCTAD's technical cooperation activities will require enhanced and predictable funding.

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