



**United Nations
Conference
on Trade and
Development**

Distr.
GENERAL

TD/B(S-XXIII)/4
8 June 2006

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Twenty-third special session, first part
Geneva, 8–11 May 2006

**REPORT OF THE TRADE AND DEVELOPMENT BOARD ON
THE FIRST PART OF ITS TWENTY-THIRD SPECIAL SESSION**

Held at the Palais des Nations, Geneva,
from 8 to 11 May 2006

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INTRODUCTION

At UNCTAD XI, in June 2004, member States decided that a mid-term review should be conducted by the Trade and Development Board in 2006. At its thirty-eighth executive session, in April 2006, the Trade and Development Board decided that the objectives of the Mid-term Review would be threefold: (a) to evaluate implementation of the outcomes of UNCTAD XI; (b) to strengthen UNCTAD's role in each of its three pillars; and (c) to conduct a policy dialogue at the highest possible level. It further decided that the Mid-term Review would consist of three parts; the first part would begin on 8 May and would be primarily a stocktaking exercise with regard to the implementation of the São Paulo Consensus. The second part, on the three pillars, would take place in June, and the third part, on policy dialogue, would take part in September. The present report reflects the Board's deliberations on the first part of the Mid-term Review.

Chapter I

PRESIDENT'S SUMMARY

Stocktaking in respect of the implementation of the São Paulo Consensus

Cross-cutting issues

1. An extensive discussion was held on cross-cutting issues. Interventions were made by representatives of regional groupings and member States, including Algeria, Austria, Brazil, China, Cuba, Egypt, Honduras, India, Islamic Republic of Iran, Italy, Pakistan, Philippines, Russian Federation, Sri Lanka, United States of America and Zimbabwe.

2. It was generally agreed that the “chapeau” of the São Paulo Consensus provided an overarching umbrella for the four subthemes contained therein. Many delegations stated that the cross-cutting issues had been elevated to the chapeau because they represented guiding principles for UNCTAD’s work. It was expected that these issues would be operationalized in UNCTAD’s work programme, and there was disappointment that they were not reported on in either the stocktaking documents (TD/B(S-XXIII)/2 and Add.1 and 2) or the UNCTAD *Annual Report 2005*.

3. One delegation stressed that the issues in the chapeau, and specifically policy space, were not intended to be a roadmap for UNCTAD’s work, nor should they be a negotiating tool.

4. The issue of policy space as referred to in paragraph 8 of the São Paulo Consensus was discussed extensively. Several delegations expressed the view that policy space was a core issue in formulating development strategies adapted to the challenges of globalization. Developing countries needed policy space to put in place development strategies that suited their needs best. A “one-size-fits-all” approach could not apply.

5. It was agreed that policy space was not intended as a means to derogate from international obligations and commitments entered into.

6. Several delegations observed that countries were sovereign and had room for policy choice and flexibility. If they decided to limit this through international commitments, it was because they believe it to be in their interest. Each country should do its own cost-benefit analysis before accepting international obligations. UNCTAD could help build capacity in developing countries to advance their interests, and the donor community could help by providing funds for technical assistance. From this perspective, it was not policy space as such but good economic policy that lay at the core of successful development strategies, and this should be the focus of work in UNCTAD.

7. Several delegations considered that UNCTAD should produce research and studies on policy space. The Mid-term Review afforded a platform to further discuss and clarify the concept in both its theoretical and its practical dimensions. Many delegations felt that, by clarifying the concept of policy space through research and studies, UNCTAD would

advance understanding regarding development needs and priorities, as well as policy options and constraints. Another view was that UNCTAD's research and studies should focus on policies that worked.

8. One delegation gave concrete examples of the implementation of policy space in international economic negotiations. The public health provisions within the TRIPS agreement represented a specific situation where the policy space of developing countries was recognized.

9. Many delegations emphasized that the human dimension and social needs must be integrated into development strategies. Ensuring coherence for development implied putting in place policies that met these needs.

10. The issues of institutional and policy coherence were addressed by several delegations. Attention was drawn in particular to the importance of enhancing coherence between national development strategies and global economic processes towards economic growth and development, which had been the overarching theme of UNCTAD XI. UNCTAD had a central role to play in making substantial contributions to the follow-up to major UN summits and conferences.

11. The importance of coherence among international organizations was underscored by many delegations. There was a need to further enhance UNCTAD's cooperation with other international organizations, such as the Bretton Woods institutions, WTO, UN Regional Commissions, as well as ECOSOC.

12. Delegations highlighted the importance of coherence within UNCTAD and underscored the need to improve the linkages between UNCTAD's analytical, operational and consensus-building activities. The UN reform process should contribute to a strengthened UNCTAD.

Development strategies in a globalizing world economy

13. UNCTAD's essential role in analysing global economic issues, in particular coherence, interdependence and development strategies, was highlighted by many delegations. The importance of a pro-development approach by UNCTAD was emphasized by them. Several delegations stressed that UNCTAD's role on macroeconomic policies and coherence between international monetary and financial systems should be strengthened so as to assist developing countries effectively in their strategic integration into the world economy and in adapting to the challenges of globalization. It was stated that UNCTAD should further develop its analytical and research capacity in these areas so as to stay "ahead of the curve" and to provide policy options and solutions most appropriate for the advancement of developing countries.

14. UNCTAD's important role on debt was emphasized. UNCTAD's assistance to developing countries in the debt swap for MDGs and debt and debt sustainability, especially linked with productive capacities and policy flexibility to allocate financial resources to

different sectors, and in assessing the developmental impact of the debt relief initiative, especially in regard to HIPC's, was welcomed by a large number of delegations. The role of DMFAS as an important tool for developing countries was also highlighted.

15. A large number of delegations emphasized that UNCTAD had a mandate to review the participation of developing countries in the international decision-making process, in particular within the international financial institutions, and should undertake work that could support the effective participation of these countries in decision making.

16. It was noted that UNCTAD was a major institutional stakeholder in the financing for development process. An assessment of the manner in which UNCTAD had contributed to its follow-up and to the follow-up of other major UN conferences and summits was requested by some delegations.

17. The substantive contribution made by the UNCTAD secretariat to the Second South Summit was recalled. Several delegations regretted that the positive results of that contribution were not reflected in the background documents prepared by the secretariat. It was suggested that UNCTAD should work more closely with regional organizations in supporting South-South cooperation.

18. UNCTAD's role in the Integrated Framework (IF) was discussed. Discussions addressed the impact of the programme on the ground; inter-ministerial coordination; coordination among donors; prioritization of tasks; collaboration with ITC; and UNCTAD's role in regard to the Diagnostic Trade Integration Study (DTIS). It was stated that the involvement of UNCTAD in the IF was proactive, despite limited resources. The IF manual prepared by UNCTAD was cited as a comprehensive reference tool for all IF stakeholders, particularly for incoming and new IF countries.

19. In an exchange of views on improving the quality of the implementation of the IF, it was stated that assistance during the pre-DTIS stage – a concept developed by UNCTAD – was an important tool for building awareness of the IF process in-country and achieving improved implementation, as was collaboration with ITC, which had close links with countries' trade promotion institutions.

20. Several small island developing States (SIDS) requested that more SIDS be part of the IF. Small and vulnerable economies – some of which were not SIDS – also asked to benefit from the work of UNCTAD in this area.

21. It was indicated that UNCTAD's work on transit transport to assist landlocked and transit developing countries to implement the Almaty Plan of Action was being intensified. There was interest in more collaboration between UNCTAD and other agencies in this regard so as to assist landlocked and transit countries more efficiently.

22. Activities undertaken by UNCTAD in cooperation with the African Union (AU) were discussed. It was stated that the nature of UNCTAD's support to African countries was in line with priorities and objectives of NEPAD, including in areas such as debt, resource transfers,

investment, trade and information technologies. It was also noted that, since UNCTAD XI, the Subprogramme on Africa had prepared two annual reports on *Economic Development in Africa*, specifically on issues of debt sustainability and investment. Future activities would consist of an analytical report on aid and its various ramifications, in the light of the commitment by the international community to increase the volume of aid to Africa substantially. Related to this work was the project on “Mobilizing financial resources: Developing local capacities for growth towards attaining the MDGs in Africa”, funded by the fifth tranche of the Development Account, which was expected to take off by mid-2006 in collaboration with UNECA, AU and the NEPAD secretariat.

23. There was an exchange on UNCTAD work on “policy space”, particularly prior to UNCTAD XI. Examples were given of work that examined constraints on policy choices of developing countries and that predated the São Paulo Consensus. One example was the 2002 *Economic Development in Africa* report on poverty reduction strategy papers. UNCTAD would continue to undertake such analyses as part of the effort to identify policy constraints and options facing developing countries in regard to their development strategy. Many delegations expressed interest in a list of all UNCTAD documents that related to the issue of policy space.

Building productive capacities and international competitiveness

24. There was widespread acknowledgement that UNCTAD had a comparative advantage on the subject of investment and that this should be maintained and strengthened. UNCTAD's flagship publications in this area were useful and of good quality.

25. Notwithstanding this overall positive assessment, several delegations drew attention to areas that they considered required improvement. It was suggested that a stronger development orientation should be pursued in UNCTAD's work on investment, particularly regarding international investment agreements (IIAs). It was also considered that UNCTAD's studies on FDI needed to take more fully into account the responsibility that TNCs had for the development of host countries.

26. UNCTAD's Investment Policy Reviews (IPRs) were supported, and they should be continued. The need to make the recommendations from the Reviews more visible was identified. This would increase awareness and implementation and make the Reviews more useful as a means of enhancing FDI inflows and increasing the ability of host countries to benefit from investment.

27. An important issue was the strengthening of capacity of developing countries to collect and analyse data on FDI. It was suggested that UNCTAD could provide a “clearing house” on FDI statistical information.

28. On science and technology, the commonly expressed view was that the work of UNCTAD was important and should be strengthened. Appreciation was expressed for UNCTAD's work on ICT in relation to the WSIS follow-up and in other areas such as the Expert Meeting on ICT and Tourism, ICT-related policy issues, and capacity building in

respect of e-business. The quality of the *Information Economy Report* was commended. The importance of science and technology to Africa's development was stressed, as was the need to help African and other developing countries bridge the digital divide, which made it difficult for them to benefit from ICTs.

29. UNCTAD was urged to continue its work in the area of corporate social responsibility, with emphasis on the development dimension, including issues such as the transfer of technology as well as corporate reporting and transparency. Several delegations encouraged UNCTAD to approach the subject from the viewpoint of international norms and rules, as well as national policies. Strong commendation was expressed for the guidance on corporate governance disclosure provided by the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting. The recommendation of the Commission on Investment, Technology and Related Financial Issues that the related report be widely disseminated was supported. UNCTAD was urged to continue its work in the area of linkages between SMEs and TNCs.

30. Concern was expressed that UNCTAD's work on insurance had not been adequately funded, and it was hoped that that would be addressed.

31. UNCTAD's work on productive capacity building and enterprise competitiveness was welcomed. The work of EMPRETEC was commended, and UNCTAD was urged to support and expand the programme to the extent possible.

Assuring development gains from the international trading system and trade negotiations

32. Delegations expressed satisfaction with the progress achieved by UNCTAD in the implementation of subtheme III of the São Paulo Consensus. The validity of all mandates and the importance of their full implementation under UNCTAD's three pillars were emphasized. The importance of results-based reporting and the success achieved in providing this was specifically noted.

33. Several challenges relating to resources and coherence were referred to in the exchange of views. It was noted that the implementation of the mandates on trade and commodities were affected by inconsistencies between the rising demand for assistance and the availability of resources. Problems of coherence arose from duplication of core UNCTAD mandates and activities on trade by other agencies. UNCTAD's role in coordinating UN-wide work on trade was welcomed, and the need for more effective dissemination of UNCTAD's work was underscored.

34. On substantive areas of UNCTAD's work, a range of issues were raised and views expressed. Monitoring and assessment of the evolution of international trade and the trading system from a development perspective, and analysis of issues of concern to developing countries, were considered central to UNCTAD's work on trade in goods, services and commodities. The scope of this work encompassed a large number of sectors and areas of interest and emerging interest to developing countries. These included: commodities,

competition and consumer law and policy, support for trade negotiations and the Doha round, services trade, new and dynamic sectors of world trade, non-tariff barriers (including support for the Secretary-General's recently established Group of Eminent Persons), trade and commodity databases and information systems, adjustment issues, the new geography of international trade and economic relations, South-South trade, trade and environment (including work on the BioTrade and the Bio Fuels Initiative), trade preferences and Aid for Trade.

35. On commodities, UNCTAD's innovative work, including its value chain approach, showed that it was feasible to design cost-effective and efficient programmes to maximize development gains from commodity production and trade. It was reiterated that commodities remained at the core of the trade and development problematique, linked particularly to poverty reduction, especially in the context of Africa and the LDCs. In regard to anti-competitive practices, UNCTAD's unique role and work on competition and consumer law and policy were considered effective in supporting developing and transition countries in formulating and implementing appropriate legislation, conducting peer reviews, and facilitating strengthened international norm setting and cooperation.

36. Considerable importance was given to support for trade negotiations and the Doha round. It was emphasized that UNCTAD played a key supportive role in ensuring effective participation of developing countries in trade negotiations, particularly in the context of the WTO negotiations, and that this should continue. Areas of support cited and welcomed included agriculture, non-agricultural market access, services, rules, special and differential treatment, TRIPS and dispute settlement, WTO accession, trade facilitation and regional trade agreements such as ACP-EU negotiations. On services trade, it was acknowledged that UNCTAD's work continued to assist developing countries in strengthening their domestic services supply capacities and increasing their participation in services negotiations and trade.

37. Participation in new and dynamic sectors of world trade was recognized as an important avenue for developing countries to increase domestic value added from trade and enhance participation in value chains. UNCTAD's promising work in this area through sectoral reviews and concrete follow-up at national and regional levels, including in the energy sector and creative industries, was welcomed.

38. It was stressed that UNCTAD had become a centre of excellence on trade and commodity databases and information systems, including TRAINS and INFOCOMM, as well as on analytical and benchmarking software and tools. In this regard, the importance of the Trade and Development Index as a policy tool and its further refinement were stressed.

39. Many delegations drew attention to the emergence of a new geography of international trade and economic relations and to the importance of South-South trade. UNCTAD was urged to continue to play its unique role in supporting South-South trade, including the GSTP and the third round of negotiations, and regional and interregional integration and cooperation.

40. A number of delegations emphasized the importance they attached to UNCTAD's work on trade preferences such as the GSP and expressed the view that UNCTAD had a particular comparative advantage in terms of contributing to UN-wide monitoring of provision of duty-free and quota-free treatment to LDCs.

41. On Aid for Trade, it was recognized that this initiative could play a critical role in building the institutional, regulatory, infrastructural and human resources capacities of developing countries. UNCTAD's work had made an important contribution to the conceptualization, clarification and understanding of different aspects of Aid for Trade. It was emphasized that UNCTAD should play a core role in the coordinated operationalization and implementation of Aid for Trade.

Partnership for development

42. The importance of partnerships for international development was reiterated. It was underscored that multi-stakeholder partnerships that included civil society and the private sector, as well as member States and international organizations, would assist in implementing internationally agreed objectives, including the Millennium Development Goals.

43. The achievements so far in the partnerships launched at UNCTAD XI were noted.

44. In regard to the partnership on commodities, it was indicated that it had proved difficult to translate expressed support into concrete commitments. A particular value of this partnership, as distinct from other projects in this area, was the opportunity to bring together high-level representatives from industry, NGOs, Governments and international organizations to provide new and fresh thinking.

45. The partnership on Free and Open Source Software (FOSS) within the ICTs for Development partnership was highlighted for its contribution to developing vital ICT infrastructure. The partnership on training and capacity building was cited as an example of what UNCTAD could contribute in terms of building the knowledge and skills of developing country policy makers.

46. A number of issues were raised regarding the operation of partnerships. These included monitoring and funding. There was a need for partnerships to be monitored so as to assess their impact on development, and there was a lack of resources for implementation, in particular regarding the partnership on commodities, and for the participation of representatives from civil society in developing countries in the hearings of the Trade and Development Board.

47. Finally, the question of additional partnerships arose. A specific suggestion was for UNCTAD to seek additional partnerships, particularly within the context of the follow-up to the second South Summit.

Chapter II
STOCKTAKING IN RESPECT OF THE IMPLEMENTATION
OF THE SÃO PAULO CONSENSUS

(Agenda item 2)

Opening statements

1. The **President** said that the mandate to hold a Mid-term Review stemmed from paragraph 9 of the São Paulo Consensus, which stated that “the results achieved from the implementation of the Bangkok and São Paulo outcomes should be subject to intergovernmental review. Specifically, a mid-term review should be conducted by the Trade and Development Board in 2006.” The process would aim not only to review the implementation of the São Paulo Consensus, but also to take into account major events and new developments since UNCTAD XI and to give a clear indication as to the direction UNCTAD should take in its work for the next two years leading to UNCTAD XII.

2. The twenty-third special session would be divided into three parts. The first part would be primarily a stocktaking exercise with regard to the implementation of the São Paulo Consensus. The draft agreed outcome on each subtheme and on the chapeau would be prepared immediately after the discussion on each subtheme and distributed on the same day. During consultations with regional coordinators, it had also been informally agreed that there would be an agreed outcome based on statements, documentation prepared by the secretariat and ensuing discussions. Agreed outcomes would be adopted ad referendum at the second plenary. Those outcomes would form an integral part of the report on the first part of the session.

3. The **Secretary-General of UNCTAD** said that, in his first eight months in office, he had been struck by how much valuable work was being done by UNCTAD, and how much of that the work had produced results that mattered. UNCTAD's research and analysis covered a wide range of issues, ranging from the implications of globalization for global and regional economic development to trade liberalization and financial imbalances. This analytical work had helped developing countries formulate specific policies to cope with these phenomena, and raised awareness of the particular problems of Africa and the LDCs. UNCTAD had also assisted developing countries in formulating policies to attract development-friendly FDI, particularly in areas that could create backward linkages and help them move up the value chain. It had helped developing countries in trade negotiations and in the WTO accession process, in managing their debt, in facilitating their trade, in diversifying away from commodities, in assessing adjustment costs arising from trade liberalization, and in harnessing new technologies to tap into new markets. UNCTAD had also addressed possible ways of overcoming supply-side constraints of developing countries via South-South trade and economic integration. And it had helped them cope with health and environmental requirements in key export markets, drawing up a legal framework to control anti-competitive practices and boosting their participation in new and dynamic trade sectors. Finally, he pointed to the importance of tackling non-tariff barriers and announced the appointment of members of the Group of Eminent Persons on Non-Tariff Barriers.

4. UNCTAD's intergovernmental machinery, which served not as a negotiating forum but as a forum for dialogue, provided its members with the opportunity to guide UNCTAD's work and to contribute to consensus-building at the highest level. The effectiveness of the machinery depended not only on its structure and reporting mechanism, but also on how both

the secretariat and the members helped it to function. Expert meetings could contribute much to discussions at the Commission level, but ways would have to be explored to improve the format of expert meetings and to ensure that they dealt with topics of immediate relevance to developing countries.

5. Developing countries' demand for UNCTAD's technical assistance was growing in the light of recent developments in trade and development at the multilateral, bilateral and regional levels. INFOSHARE, BioTrade and other national and regional programmes were highlighted as prime examples in that regard. It was important for a member-driven and member-funded organization like UNCTAD to strive to keep up with the times. UNCTAD's analytical work should be more closely linked to action on the ground, and all UNCTAD activities should be well coordinated and synergized with those of other international organizations, a concern reflected in the broader UN reform process under way. In that connection, on the question of internal UNCTAD reform, a number of proposals had been made by the task force on management reform, and the report of the Panel of Eminent Persons established last year would be forthcoming in the summer.

6. The representative of **Pakistan**, speaking on behalf of the **Group of 77 and China**, said that the São Paulo Consensus was an important achievement, as it reaffirmed the mandate emanating from UNCTAD X and provided fresh mandates under the overarching theme of "enhancing coherence". UNCTAD remained the primary organization within the UN system for the integrated treatment of trade and development and related areas of investment, finance and technology. In the context of the ongoing UN reform, the objective of the first phase of the Mid-term Review should be to: (a) review the implementation of the São Paulo Consensus; (b) identify areas where implementation had faltered or lagged behind; and (c) find ways and means to fully implement all issues covered in the São Paulo Consensus.

7. The São Paulo Consensus highlighted the need for enhanced coherence and consistency between the international monetary, financial and trading systems in support of development. Based on the universality of its membership, its expertise and experience in international trade and development, UNCTAD should play the key role in promoting development-oriented systemic coherence between the UN system and other institutions of international economic governance such as the Bretton Woods institutions and the WTO. In this respect, the G77 and China were disappointed that the stocktaking report (TD/B(S-XXIII)/2) omitted important cross-cutting issues that had been addressed in the chapeau of the São Paulo Consensus, such as cooperation between UNCTAD and other international organizations, UNCTAD's special responsibility to contribute to the achievement of the development goals contained in the Millennium Declaration, and shrinking policy space for developing countries in the context of "rule-based regimes" in international economic relations. The outcome of the present meeting should redress these problems with a view to completing the work mandated in the São Paulo Consensus in the next two years. The current session of the Mid-term Review should give clear guidance to the UNCTAD secretariat with respect to the importance of maintaining a development orientation in all its research and analytical work, as well as ways of ensuring adequate and predictable funding so as to help UNCTAD discharge its important role in the international discourse on development.

8. Issues that were of particular interest to the Group of 77 and China and that needed to be tackled during the Mid-term Review included: (i) progress made on policy space; (ii) UNCTAD's role in promoting systemic coherence to align international commitments for development; (iii) UNCTAD's cooperation with other international organizations and its

contribution to the follow-up to the major UN conferences on development, including the Millennium Summit and the World Summit; (iv) transparency and good governance of international monetary, financial and trading systems, including full and effective participation of developing countries in global decision making and norm setting; (v) the impact of growth-oriented macroeconomic and financial policies on trade and development; (vi) the use of UNCTAD's analytical capacity in identifying development-oriented solutions to problems arising from international financial instability; (vii) the role of private and official flows in financing development and the question of debt sustainability; (viii) the impact of FDI on host countries, particularly concerning transfer of technology and innovation; (ix) corporate social responsibility for development of host countries; (x) reaping development benefits from the multilateral trading system through the Doha Round, and in particular Aid for Trade; (ix) developmental aspects of trade and environment; (x) the development dimension of intellectual property rights and public interest flexibilities in the TRIPs; (xi) partnership in the areas of ICT for development, commodities, energy, investment and capacity building; (xii) development aspects of the international information society; and (xiii) demand-driven and development-oriented training and capacity building.

9. The representative of **Sri Lanka**, speaking on behalf of the **Asian Group and China**, said that four key issues should be assessed during the MTR process. Firstly, the MTR should situate the São Paulo outcomes against ongoing developments in WTO and UNCTAD's contribution to broader UN development efforts (such as the spring meeting of ECOSOC with the Bretton Woods institutions, the follow-up to international conferences) and other specific initiatives involving UNCTAD's mandates. Secondly, as a focal point in the UN system on integrating trade and development and promoting systemic coherence for development, UNCTAD should be strengthened in its work based on the three pillars, and ways should be found to increase resource availability. Thirdly, the Mid-term Review should assess the need for more work in areas where gaps were identified, such as operationalizing the concept of policy space. Fourthly, UNCTAD's work on maximizing gains from the international trading system and the Doha round of Trade Negotiations should be given high priority. Particular attention should be paid to paragraph 4 of the São Paulo Consensus to assist LDCs to participate actively and substantially in the multilateral trading system. The Asian experience had shown that international trade could bring trade and development gains, and the multilateral system must provide a balance between the benefits of trade liberalization and ensuring that developing countries participated meaningfully in global trade and its negotiation processes. UNCTAD's work programmes that had contributed to that process included assistance on market access and market entry, enhancing supply capacities and competitiveness, and human and institutional capacities.

10. Other useful areas of work of UNCTAD included new and dynamic sectors, commodity exchanges, commodity information, the environment, trade negotiations, WTO, dispute settlement, trade statistics, simulations and modelling, South-South trade, including GSTP, competition legislation and the post-ATC trading environment. On all these issues, activities at the national level deserved support.

11. The Board's annual review of post-Doha negotiations and technical assistance had helped countries to examine different policy options and their implications for development, thereby enhancing their negotiating capacities on agriculture, NAMA, services and special and differential treatment. UNCTAD's work on services assessment in the Commissions and expert meetings had helped developing countries in building service policy frameworks and strategies, and the work on mode 4 in respect of professional services, distribution, insurance and IT-enabled services was particularly relevant. UNCTAD's expertise should also be used

in connection with the Aid for Trade Initiative, the WTO negotiations on trade facilitation, and South-South initiatives.

12. Three issues of interest to the Asian region were: (i) strengthening UNCTAD's mandate concerning policy space; (ii) macroeconomic policies relating to pressures on countries to adopt flexible exchange rate policies; (iii) debt relief for highly-indebted non-HIPC countries. On the latter, UNCTAD should continue its innovative work by examining, for example, innovative mechanisms such as a debt-for-MDG swap.

13. The representative of **Honduras**, speaking on behalf of the **Latin American and Caribbean Group**, said that the Mid-term Review provided an opportunity to strengthen UNCTAD technical cooperation in Latin America. UNCTAD programmes on biotrade and biofuels were of particular importance to the region, and they must be strengthened in terms of human and financial resources. Technology transfer, investment, competition, and capacity-building through programmes such as the Virtual Institute and TrainForTrade were equally important.

14. Policy space and coherence in development represented the core challenges of policy makers in developing countries and had been at the heart of discussions at UNCTAD XI. Development strategies that took into account the particularities of developing countries should therefore remain a guiding theme of UNCTAD's research work. UNCTAD could analyse the compatibility of international rules and regulations with domestic development policies, as well as the impact on growth and stability, in order to find multilateral solutions to imbalances challenging policy makers in developing countries. Developing countries would also benefit from UNCTAD's fundamental work on macroeconomic and financial issues, the strong combination of analytical work and technical assistance on debt sustainability, and its work on FDI. UNCTAD's mandate in respect of research and analysis was therefore irreplaceable in the UN system. It served to identify and help apply mechanisms to build consensus between countries and international organizations. Such consensus should be adequately reflected in negotiations and instruments of the multilateral trade system.

15. Since the adoption of the São Paulo Consensus, UNCTAD had made good progress in the design and analysis of technical cooperation tools, but more efforts were required in the areas of interdependence, coherence, development strategies, debt and finance. UNCTAD had a clear mandate in this respect, and its mission should not be undermined by management reform, but rather strengthened, as it was the only UN focal point for the integrated treatment of trade and development, as well as of related issues in financing, investment, technology, and sustainable development. UNCTAD's unique mandate should be preserved and made coherent with the development mandates of other UN institutions.

16. The representative of **Algeria**, speaking on behalf on the **African Group**, stressed that the Mid-term Review should give impetus to the continuous adaptation and renewal of UNCTAD in the overall context of the UN reforms. The development dimension should be at the heart of the reform process, and UNCTAD's mandate should be confirmed and reinforced. Protectionism in the North threatened to undermine the opportunities that globalization could bring for developing countries, and he therefore called for a better integration of development requirements into international cooperation instruments and for greater policy space for national development policies vis-à-vis international commitments. The issue of effective access to markets was equally important, without which the integrative potential of globalization could not be realized.

17. The particular problems faced by Africa included the persistence of tariff and non-tariff barriers, lack of diversification of economic activities, continued dependency on traditional commodity exports, and debt. On the latter, he called for a strengthened and simplified debt relief processes. UNCTAD had an important role to play in helping countries maximize the positive impact of FDI on their development, and in that connection he highlighted the need to take account of the contributions of transnational corporations to development, including in the area of transfer of technology. He also encouraged the secretariat to continue its research and analysis efforts aimed at achieving increased coherence in investment promotion.

18. UNCTAD's efforts in the area of information and communication technologies (ICT) were recognized, and the secretariat should continue its research work on the development impact of ICTs and pursue its efforts in the implementation of the WSIS outcomes.

19. Capacity-building, in particular in the areas of infrastructure and trade competitiveness, should remain a central concern of the international community, and priority areas should include: the capacity to accede to the WTO; the capacity to negotiate in international economic and financial institutions; the capacity to bring national laws into conformity with multilateral rules; and the capacity to improve the competitiveness of African countries. This would require sustainable financial efforts and shared responsibility on the part of the international community. Finally, the African Group called for a renewed partnership between developed countries and Africa.

20. The representative of the **Czech Republic**, speaking on behalf of **Group D**, noted that the Mid-term Review was an opportunity for shaping the future of UNCTAD. It should focus on assessing how the member States and the secretariat had succeeded in fulfilling the SPC mandate and identifying areas that were in need of improvement.

21. UNCTAD's analytical and research activities, as embodied in publications such as the *Trade and Development Report* and the *World Investment Report*, were useful and valuable and should serve as the basis for UNCTAD's other activities. Regarding technical assistance, UNCTAD had done a considerable amount of work, but more could nevertheless be done. Technical assistance should be demand-driven and accompanied by an evaluation process. Enhanced cooperation and coherence with other international organizations and donors were essential in ensuring that the final output generated the desired synergies.

22. The Mid-term Review process should be viewed within the wider context of UN reform, in particular to ensure the effective participation of UNCTAD in that process, as stated in paragraph 10 of the São Paulo Consensus. It should seek to make UNCTAD a more effective, efficient and relevant organization.

23. The representative of **Austria**, speaking on behalf of the **European Union** and the acceding countries of **Bulgaria** and **Romania**, noted that the MTR process presented an opportunity to assess UNCTAD's contribution to the trade and development agenda. It would be important to measure UNCTAD's work not only against the São Paulo Consensus but also from the perspective of evaluating the effectiveness of UNCTAD's activities within the UN's wider development activities.

24. From the EU's perspective, UNCTAD's work would be assessed and evaluated across the key priority areas of: integrating trade and investment into national development policies and poverty reduction strategies; regional integration and South-South trade; and commodity dependence and poverty. UNCTAD's work should be measured by results, impact

and coherence, and the existing results-based management tools currently employed should be evaluated to see whether they played their proper role in measuring expected accomplishments and achievements.

25. European Union countries were accountable to their taxpayers, and they would be paying close attention to the judgments of their developing country partners on UNCTAD's work and how it had impacted their development. UNCTAD's activities, particularly in technical assistance, should be demand-driven so as to ensure full country ownership.

26. The EU was fully committed to playing its part in making UNCTAD an effective organization that would deliver benefits to all developing countries. LDCs and other poor and vulnerable countries, particularly in Africa, were at risk of marginalization. Given the profound challenges of these countries in increasing their exports, attracting crucial foreign investment and building public institutions essential for competitiveness and innovation, work in those areas must remain a major focus for UNCTAD. The present reform process should not diminish the status of UNCTAD but should ensure UNCTAD's continued efficiency, effectiveness and relevance.

27. UNCTAD was the UN focal point for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development, and it must stay ahead of the curve in identifying and addressing new emerging challenges on these fronts. UNCTAD's flagship publications were of high quality, but further assistance was needed to improve its outreach/communication strategy to improve its interaction with member States.

28. The EU appreciated the work done in the areas of investment, assistance for WTO accession, South-South trade promotion, the Global System of Trade Preferences, commodities and trade facilitation. Ways of enhancing coherence in these areas should be sought. In the area of databases and analytical tools, UNCTAD should seek to strengthen existing and establish new cooperation with relevant organizations to provide such tools to inform research and analysis and guide technical assistance.

29. With regard to the documentation prepared for the Mid-term Review, the reports did not refer to expected results and impact orientation, and much of it focused on quantity of outputs but missed out on quality, which did not facilitate the stocktaking, monitoring and evaluation process. Unfortunately, the 2005 *Annual Report* had been released only recently. She regretted that the request in the São Paulo Consensus for the *Least Developed Countries Report* to be published annually had not been acted on, and an explanation should be provided. More information should also be provided on UNCTAD's contribution to the upcoming LDC Review Conference and on how UNCTAD viewed its present and future role in contributing to the Integrated Framework.

30. The EU requested additional information on the linkages between UNCTAD's analytical work and its technical assistance and noted that more work could be done to improve the linkages between analytical and operational activities. It also sought more information on UNCTAD's participation in the UN reform process, on its progress in coordinating technical assistance activities with other UN development agencies, and on its capacity to contribute in its areas of comparative advantage. Finally, it encouraged UNCTAD to develop a coherent fundraising strategy and supported initiatives to increase programmatic coherence and consistency.

31. The representative of **Switzerland** referred to the statement made by his delegation at the thirty-eighth executive session of the Board on 20 April 2006 and reiterated the importance of the Mid-term Review in light of the ongoing UN reforms. UNCTAD should be revitalized on the basis of, on the one hand, its “centres of excellence”, i.e. its research and technical assistance in trade, commodities, investment and competition, and, on the other hand, its organizational means. Steps should be taken at three levels: to better integrate UNCTAD's operational activities into the larger framework of UN development work; to ensure a better division of labour and cooperation with other international organizations; and to reinforce technical assistance programmes' efficiency and impact through an independent unit responsible for follow-up and evaluation. Finally, the intergovernmental machinery should be simplified and result-oriented.

32. The representative of **Thailand** said that, in addition to the São Paulo Consensus mandates, the Mid-term Review should include issues like the contribution of UNCTAD to the achievement of the Millennium Development Goals (MDGs) and to the WSIS mandate on ICT development. In the context of transforming the United Nations into a more effective organization, UNCTAD must now further strengthen its three pillars and achieve more concrete outcomes. It would be essential to improve coordination within the UN on economic and social issues, and to strengthen UNCTAD as its principal body to deal with trade and development issues. UNCTAD should also design a better communications strategize in order to raise its profile. He hoped that the reform process being undertaken by the Secretary-General of UNCTAD to streamline managerial processes would be holistic and transparent while taking into account the views of all States and other stakeholders.

33. His Government placed emphasis on fostering partnerships for development, and UNCTAD could contribute to making globalization a positive force by providing a forum for exchanging development experiences and strategies. Working jointly with UNCTAD, Thailand had established the International Institute for Trade and Development (ITD) as a regional focal point for knowledge dissemination and training in trade and development.

34. The representative of the **Russian Federation** expressed support for UNCTAD's efforts to adapt its work to the existing realities and practical needs of its members. His Government approached UNCTAD activities from two main points of view: the integrity of its mandates, and its universality. One of the main criteria in assessing the efficiency of any international organization was its capacity to implement effectively all its programmatic objectives as established by member States, and for UNCTAD such objectives were set out in the São Paulo Consensus. UNCTAD's work since UNCTAD XI had been positive, in particular in such areas as exploring best international practices and experiences in macroeconomic and financial policies, national institutional capacity building, and studying different development models on the assumption that a “one-size-fits-all” approach was not acceptable. Such research and analysis should be expanded to cover more countries. UNCTAD's analytical documents on the situation and trends in the world economy, international trade and investment flows, which regularly analysed developments and trends in Russia, were also of high quality. In that connection, the UNCTAD secretariat should continue to pay due attention to the dynamic CIS/CEE region. Other topics of interest to his Government included: trade efficiency and trade facilitation; trade in energy and energy services; regional trade arrangements, including those within the CIS region; competition policy and restrictive business practices; and the interaction between trade and investment. The UNCTAD secretariat could make more use of Russian experts and researchers in its analytical work.

35. UNCTAD's support for Russia's WTO accession had been quite effective, and it was therefore important to ensure full implementation of paragraph 98 of the São Paulo Consensus regarding enhancing UNCTAD's support to countries prior to, during, and in the follow-up to their WTO accession process. Other useful assistance provided by UNCTAD, in cooperation with other international organizations, had related to strengthening the competitive and investment potential of Moscow enterprises and adopting international reporting standards and principles of corporate responsibility in Russia.

36. The representative of **Japan** said that the Mid-term Review of UNCTAD's activities should be undertaken in the context of the UN reforms and the current Doha Round, and account should be taken of the forthcoming Eminent Person's report. UNCTAD XII in 2008 would coincide with TICAD IV and the G8 Summit, and it would be important to ensure synergy among all these fora.

37. In that connection, five main issues were worth highlighting: mandate review; South-South cooperation; ownership and partnership; policy space; and post-Doha issues. On mandate review, the Mid-term Review should identify which mandates had been implemented and identify areas where UNCTAD had a comparative advantage, as well as areas where duplication with other international organizations occurred. UNCTAD had a comparative advantage, *inter alia*, in trade-related capacity building, GSP, GSTP negotiations, investment and competition. South-South cooperation had been increasing, and the implementation of UNCTAD's mandate in that respect should be reviewed. For its part, Japan had committed itself to accelerating Asia-Africa cooperation through the TICAD process.

38. Ownership by developing countries and partnership with the international community was required for successful development strategies and a tailor-made approach to development. However, policy space did not mean exemption from international obligations which countries had undertaken. Post-Doha issues remained important, and UNCTAD should reflect on how it could assist developing countries to integrate into the multilateral trading system in the post-Doha period and how it could play a role in the Aid for Trade initiative.

39. The representative of the **United States of America** said that the Mid-term Review was taking place in the midst of other crucial reform processes, such as UNCTAD's Eminent Persons Panel and the mandate review called for by the 2005 World Summit. The Mid-term Review was therefore an opportunity to speak with one voice on UNCTAD's vision and how it could best fulfill its fundamental objective of fostering economic growth and poverty reduction in developing countries through trade.

40. Her country intended to examine UNCTAD's work in terms of practicality, usefulness, and performance in implementing the directives of the São Paulo Consensus, and to negotiate an outcome based on the action-oriented paragraphs of the São Paulo Consensus. It would consider only those paragraphs of the São Paulo Consensus that specifically directed UNCTAD to undertake work. Although interesting discussions could be conducted on different paragraphs contained in the chapeau of the São Paulo Consensus (such as paragraph 8), the agreed outcome should reflect only operational elements.

41. Although one major objective of the Mid-term Review was to provide a consensual appraisal of UNCTAD's work in order to identify priorities, such an agreed outcome should not be the sole aim of the process. Another important outcome could be to contribute to a greater understanding of issues where members' views would continue to diverge, including policy space.

42. The representative of **Belarus** emphasized the specific needs and enormous challenges faced by countries with economies in transition. UNCTAD remained a key organization in the UN system and had the necessary competence and comparative advantages to contribute effectively to the integration of countries with economies in transition into the world economy.

43. He commended the work carried out in implementation of paragraphs 49-51 and 56-58 of the São Paulo Consensus. He welcomed the in-depth evaluation of UNCTAD's work programme on technical cooperation and capacity building on accession to WTO and encouraged the secretariat to enhance its technical support for WTO accession of countries with economies in transition, in line with paragraph 98 of the São Paulo Consensus.

44. Insufficient attention was given to the implementation of the São Paulo Consensus mandates relevant to countries with economies in transition, such as paragraphs 26 and 53 of the Consensus. No specific studies had been done by the UNCTAD secretariat on macroeconomic issues relevant to the transition economies, and for the first time the 2005 annual *Trade and Development Report* did not contain any chapter or paragraph related to transition economies. Eight investment policy reviews had been completed by the UNCTAD secretariat since UNCTAD XI, and none of them related to a country with an economy in transition, despite longstanding demands by the transition economies, including his own country. That situation that should be redressed in the next two years.

45. The representative of **China** said that the outcome of the Mid-term Review should map out the future course of action, taking into account UNCTAD's comparative advantages and enhancing UNCTAD's work at the international, regional and national levels. UNCTAD's assistance was important in capacity building with respect to formulating and implementing development policies in a number of areas. Developing countries faced difficulties in meeting the MDGs and had to make adjustments, including adopting strategies tailored to their needs. The international community must make joint efforts to establish a fair and just international economic order and honour the commitments made at a major international conferences.

46. Another priority area related to building productive capacities and competitiveness. Developing countries needed well coordinated macroeconomic policies and good industrial policies at the national level, as well as corresponding moves at the international level on investment, technology transfer and corporate responsibility. UNCTAD should focus its research and analysis on facilitating coordination and coherence of international policies. It should also conduct research into policy space in order to promote better understanding of the issues involved.

47. UNCTAD had helped developing countries understand the objectives of the Doha multilateral trade negotiations, promoting consensus and building negotiation capacities. It had been an essential supplement to WTO and should further strengthen its technical assistance and capacity building work. It should bring its expertise fully into full play in its partnerships with other international organizations and civil society with a view to contributing to coherence and helping derive maximum benefits from cooperative efforts.

48. The representative of **Ghana** said it was crucial for UNCTAD to renew itself and rededicate itself to bringing the development agenda to the fore. The unique role of UNCTAD to provide "common ground" for all parties in the international arena to interact for positive results was paramount. All three pillars of UNCTAD's work could be effective if all countries engaged fully and equally. For its part, Ghana intended to remain engaged and help maintain the integrity of the process.

49. The UN reform should lead to a stronger and more effective UNCTAD, with full mandates and support but not as a subset of any other UN organization. Ghana's immense interest in the future positive growth of UNCTAD was reflected in the fact that it would be hosting UNCTAD XII. Ghana wanted UNCTAD to become an effective instrument for fair and better trade, as well as a more reliable means for eradicating poverty and ensuring lasting security in the world.

50. The representative of **Brazil** said that the Mid-term Review should take into account the forthcoming report on UN system-wide coherence and the report of the UNCTAD Panel of Eminent Persons. In the Mid-term Review process, a clear distinction should be made between mandates and management issues; while streamlining management was a welcome initiative, it should not dilute UNCTAD's core functions and mandate.

51. In terms of its three pillars, UNCTAD should pursue research and policy analysis on the relationship between trade, finance, technology and development; the development dimensions of international investment agreements; and the needs of LDCs, landlocked countries and island developing States. The results of the work should be disseminated through the flagship reports. Technical assistance activities should be demand-driven and should serve to exchange best practices and experiences, including in the areas of creative industries and biotrade, structural adjustment, good governance, trade and investment facilitation, negotiations on codes of conduct, GSTP negotiations, and discussions on Aid-For-Trade. UNCTAD's technical assistance activities should also contribute to the implementation of internationally agreed development goals. Increased cooperation with other UN bodies, such as UNDP and regional organizations, should also be encouraged.

52. Regarding the concept of policy space, a hallmark of the São Paulo Consensus, UNCTAD had a role to play in pursuing an integrated approach to trade and development, through which countries would find a balance between the benefits of international rules and the constraints resulting from the loss of policy space. The role of UNCTAD was unique, as it took a critical view of all dimensions of development and could promote a fair, useful and essential debate on policy space.

53. The representative of **Tonga** emphasized the importance of pursuing the MDGs and the related objectives set forth in the São Paulo Consensus. UNCTAD had an important role to play in promoting economic policies and strategies at the national, regional and international levels that supported sustained growth and poverty reduction in developing countries. Paragraphs 33, 34, 84 and 85 of the São Paulo Consensus were particularly important; they called for increased efforts to address the special needs of LDCs and small island developing States, and greater assistance was needed in that area.

54. UNCTAD's technical assistance and capacity building activities at the national, regional and international levels were welcome. Additional analytical work and research should be carried out on trade issues of particular relevance to the Pacific island States. For example, those States and the Pacific region as a whole could be included in the Trade and Development Index, assessments of services sector development, and multilateral and regional liberalization strategies aiming to improve export competitiveness, attract investment and promote economic development.

55. He supported UNCTAD's efforts to reinforce institutional, human resource and infrastructural capacities in the area of trade. Tonga and most small island States in the Pacific wished to have a multilateral trading system that was open, rule-based, predictable and non-discriminatory. Such a system must be equitable, flexible in the light of small

islands' needs, and development-oriented to ensure that island countries could achieve the MDGs.

56. The representative of **Bangladesh** said that the Mid-term Review was critical for advancing the interrelationship between trade and development through the three pillars of UNCTAD. It was also the time to assist LDCs to participate actively and substantially in the multilateral trading system. The São Paulo Consensus asked UNCTAD to investigate the root causes of the marginalization of LDCs in international trade, and to identify long-term solutions so that LDCs could be better integrated into the international trading system. As one practical step, this called for strengthening UNCTAD's Division on LDCs to enable it to implement the tasks assigned by the São Paulo Consensus, such as the regular publication of the *Least Developed Countries Report*.

57. He commended UNCTAD's active involvement in the Integrated Framework for Trade-related Technical Assistance for the LDCs. UNCTAD should be even more active in the enhanced Integrated Framework currently being worked on. He also appreciated UNCTAD's technical assistance to LDCs on building productive capacities and attracting FDI, but noted that activities should not focus on any specific region at the expense of other LDCs in other regions. UNCTAD was asked to provide more custom-made assistance programmes to the LDCs on the basis of their development needs.

58. The representative of **Vanuatu** expressed full support for the statement made by Tonga. He further stressed the need to take into account the economic and social peculiarities of small island developing States, particularly LDCs in the Pacific region, in evaluating the implementation of paragraph 98 of the São Paulo Consensus, which stated that UNCTAD should provide enhanced technical support to all developing countries and economies in transition, particularly LDCs, "prior to, during and in the follow-up to the WTO accession".

59. The representative of **Mozambique** said that her country, like other LDCs, had a critical stake in UNCTAD, since LDCs remained the most marginalized countries in terms of world trade and using trade as an engine of development. The provision of trade preferences and their utilization by LDCs served as an important instrument for the integration of LDCs, and UNCTAD's work had been instrumental in informing the international community about preferential market access for LDCs. UNCTAD should now help LDCs in respect of the design of appropriate rules of origin, so that LDCs could begin to exploit trade preferences. Mozambique was committed to ensuring a successful conclusion of the Doha round that met the development expectations of LDCs and other developing countries, and UNCTAD could help in that connection.

60. As a result of UNCTAD's technical assistance activities, LDCs had individually and jointly elaborated key issues in the multilateral trade negotiations. She called for continued support by UNCTAD in the post Hong Kong negotiations and emphasized the value of UNCTAD's support to the WTO accession process of several LDCs. Her country needed UNCTAD's assistance not only to mainstream LDCs' concerns into the international dialogue on development, but also to build capacities at the national level to take advantage of emerging trading opportunities. Donor support for UNCTAD's programme on trade and commodities should be strengthened so that UNCTAD could help LDCs to build supply capacities, strengthen their competitiveness, cope with quality, health and safety standards in export markets, and meet adjustment costs arising from trade reforms. UNCTAD's revival of work on non-tariff barriers would be very important in that regard. UNCTAD's work on the assessment of trade services had been particularly useful in terms of enhancing the participation of LDCs in global services trade and services negotiations.

61. Finally she mentioned the great importance of UNCTAD's work on commodities. UNCTAD must continue to forge new innovative approaches to dealing with the commodities problématique.

62. The representative of **Solomon Islands** said that establishing a just and equitable world required recognizing the unique situation of small island developing States. Sustainable development could not be achieved without their meaningful integration into the global economy. His country expressed its appreciation for UNCTAD's work on the coconut industry, which was vital to the livelihood of its people. It also welcomed the technical advice that the Pacific Islands Forum delegation to WTO had received from UNCTAD on the Doha trade negotiations and commodities. His country attached importance to a proposed UNCTAD study on the cost of compliance with agri-food safety and SPS requirements in Pacific LDCs.

63. The representative of the **Dominican Republic** said that his country had a particular interest in UNCTAD's work on debt sustainability, which linked debt with trade, investment and macroeconomic management. That approach to debt was fundamental to developing countries' development strategies, and it should be pursued. Despite the many profound changes that had occurred in the world economy since 1964, the reasons that had led to UNCTAD's creation remained valid. UNCTAD had achieved a great deal since its creation, and the documentation prepared by the secretariat for the Mid-term Review showed the wide range of valuable activities being implemented. The UN reform process and the Mid-term Review should make it possible to identify UNCTAD's strong points and weaknesses with a view to reorienting and strengthening its mandate in all three pillars of its work.

Informal meetings

64. The Board pursued its deliberations in an informal setting.

Closing statements

65. The **Chairperson** said that, regrettably, it had not been possible to reach an agreed outcome. The report of the session would therefore include only the Chairperson's summary and summaries of formal statements.

66. The representative of **Pakistan**, speaking on behalf of the **Group of 77 and China**, noted that his Group had been very flexible on the modalities of the Mid-term Review process, on the understanding that there would be a best-effort commitment on the part of all countries to reach an agreed outcome at each part of the Review. It was surely not too much to ask that an agreed outcome should truly capture everything that had been discussed. Only one delegation had had a problem with the draft agreed outcome, and the Group of 77 had done its best to address that delegation's concerns, despite an astonishing paper that had come to its attention that day. The Group of 77 was deeply concerned that it was facing the same attitude that it had seen at the most recent session of the Commission on Trade. The Group had wanted to preserve the draft agreed outcome so that it could be revisited in September, but it had been told that that would require a vote, and it had decided not to resort to such an extreme measure, even although it was hurt. The Group of 77 could live without an outcome for the current session, but it would continue to pursue the issues related to the chapeau, which were important.

67. The representative of **Palestine** said he could not understand why one delegation had objected to a request in the draft agreed outcome for continued and intensified assistance to

the Palestinian people. The General Assembly had called for intensified aid, and he was bewildered by the contradiction. The delegations present represented members of the United Nations, and they should not be pushed about by one delegation. He hoped the United States would revise its position.

68. The representative of **Austria**, speaking on behalf of the **European Union**, said that the lack of consensus was regrettable, but it would be possible to get back on track, as in the past. Nevertheless, UNCTAD would have to improve its methods of work, and all parties would have to learn from these lessons. The first part of the Mid-Term Review process had not been a failure. The Board had reviewed the implementation of the São Paulo Consensus, it had discussed many issues, the São Paulo Consensus remained fully valid, and the secretariat therefore had a mandate and would continue its work. The draft agreed outcome tabled by the President had provided a good basis for discussion, and consensus could have been reached. The European Union had demonstrated flexibility throughout the process.

69. The representative of **Brazil** expressed his sadness at having to report the lack of results to his Government, which had hosted UNCTAD XI. He hoped that the spirit of São Paulo would prevail and that the upcoming sessions of the Mid-term Review would put the process back on track.

70. The representative of the **Philippines** recalled the strong feelings of the Group of 77 and China concerning the chain of events that had culminated in the failure to reach consensus, notwithstanding the Group's good faith and best efforts. He expressed surprise at one positive interpretation of events and said that the only reason for optimism was that the Group of 77 and China had resisted the temptation to call for a vote. On the final morning of the first phase of the Mid-term Review, the Group had taken note of a statement by one delegation in New York that threatened the existence of UNCTAD and that had perhaps adversely coloured the discussions, but developing countries would continue to defend the organization. In view of events, therefore, he felt that the Group might have to reappraise its approach to future phases of the Mid-term Review.

71. The representative of **Japan** said he shared the disappointment of the Group of 77 on the absence of consensus, but there were many reasons for it, and it was not constructive to single out one delegation. To reach consensus, both sides had to make concessions, so it was a collective failure. Countries should start thinking about how to resume their work constructively in the hope that there would be a good atmosphere for the June session.

72. The representative of **China** said that China supported the statement by the representative of Pakistan speaking on behalf of the Group of 77 and China. The lack of consensus was a great disappointment. She hoped that delegations would work together to achieve consensus in June and September.

73. The representative of **Algeria**, speaking on behalf of the **African group**, said that his Group was disappointed. It had made every effort to get a good result, and it had not asked for too much. It would continue to fight for its legitimate concerns. He hoped there would be a different spirit at the next meeting.

74. The representative of **Egypt** said that nothing had changed in terms of the substance of the São Paulo Consensus, but what had changed was the method of work. He hoped there

would be no misreading of the situation – countries would exercise policy space to the full. It was for each country to decide whether it wanted consensus as the driving force of the organization or whether it wanted might to prevail. Taboos had been broken elsewhere, and they could be broken in UNCTAD. It was misleading to think that UNCTAD and the United Nations could be changed without the agreement of the developing countries. The developing countries needed the United Nations, but they needed a United Nations that defended the common interest, not selfish interests.

75. The representative of the **Islamic Republic of Iran** said that the developing countries had embarked on the Mid-term Review in good faith, but there had been no willingness on the other side to reach agreement. Some parties had tried to set preconditions for the continuation of the process, and the signals received that morning had made it clear that the developing countries' expectations would not be met. The absence of consensus would affect the Board's work, but the Group of 77 would not give up and would try to safeguard a strong UNCTAD for the sake of development.

76. The representative of **Honduras**, speaking on behalf of the **Latin American and Caribbean Group**, said that his Group was sad and disappointed at the lack of an outcome. It had done its best, and now wondered how the process would proceed in June.

77. The representative of **India**, speaking on behalf of the **Asian Group**, said that her Group attached great importance to all UNCTAD work and to the Mid-Term Review. It had hoped for a consensual appraisal, but no consensus had been reached. She hoped that countries would work together during the rest of the Mid-term Review exercise with a view to overcoming the trust deficit.

78. The representative of **Morocco** said that his delegation was angry and shared others' disappointment, not only because of the outcome but also because of the events leading up to it. His country attached importance to UNCTAD, which did useful work, but it was not optimistic about the future. The Group of 77 had been ready to make concessions, but it had been disappointed.

79. The representative of **Zimbabwe** challenged the development partners to give developing countries the chance to lead the development process. Developing countries were constantly encouraged to take the lead, but were then asked to do what they were told. Such an attitude defeated efforts to integrate and was frustrating. The developing partners should mean what they said.

80. The representative of the **United States of America** said that all delegations cared about UNCTAD, but they had diverging views. Failure to reach an outcome did not mean that consensus-building had failed; consensus building was a process. Her delegation would try to draw positive lessons from what had happened and move on. It would not attribute blame or cast aspersions.

81. The **President** said that a lot of work had been done at the session, but the Mid-term Review was a vital exercise, and it was deeply regrettable that no agreed outcome had been reached. Delegations must seek to understand others' concerns not just for information's sake but to build consensus. He was profoundly disappointed that delegates had failed to clear the bar of mutual accommodation that reaching consensus required. He was concerned for the

Mid-Term Review process, not out of pessimism but out of realism, and it would be important to ensure that this experience was not repeated. There had been positive things: the secretariat had provided a wealth of information, it had responded to questions, and awareness of the importance of UNCTAD had increased. He hoped that all delegations would reflect and recommit to the Mid-term Review process in order to make it successful.

Chapter III

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

Opening of the session

82. The special session was opened by Mr. Ransford A. Smith (Jamaica), President of the Board.

Adoption of the agenda

83. The Board adopted the provisional agenda as contained in document TD/B(S-XXIII)/1.

Bureau

84. The Bureau of the Board was as elected at its fifty-second session. The Bureau was thus as follows:

President:	Mr. Ransford A. Smith	(Jamaica)
Vice-Presidents:	Mr. Juan Antonio March	(Spain)
	Mr. Wegger Christian Strømme	(Norway)
	Mr. Juan Antonio Fernández Palacios	(Cuba)
	Mrs. Brigitta Maria Siefker-Eberle	(Germany)
	Mr. Iouri Afanassiev	(Russian Federation)
	Ms. Melissa Kehoe	(United States)
	Mr. Sameh Shoukry	(Egypt)
	Mr. Kwame Bawuah-Edusei	(Ghana)
	Mr. Gyan Chandra Acharya	(Nepal)
Rapporteur:	Mr. Musa Burayzat	(Jordan)
	Mr. Levan Lomidze	(Georgia)

Adoption of the report of the Board

85. At the closing meeting of the session, the Board adopted the draft report on the first part of its twenty-third special session (TD/B(S-XXIII)/L.1).

Annex I

AGENDA FOR THE TWENTY-THIRD SPECIAL SESSION

1. Adoption of the agenda and organization of work
2. Stocktaking in respect of the implementation of the São Paulo Consensus
3. Strengthening the three pillars of UNCTAD:¹
 - (a) Consensus building
 - (b) Research and analysis
 - (c) Technical cooperation
4. High-level policy dialogue and the way forward²
5. Institutional, organizational, administrative and related matters:
 - Administrative and financial implications of the actions of the Board
6. Other business
7. Adoption of the report of the Board

¹ To be taken up at the second part of the session in June 2006.

² To be taken up at the third part of the session in September 2006.

Annex II**ATTENDANCE***

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

Afghanistan	Iraq
Albania	Israel
Algeria	Italy
Angola	Jamaica
Argentina	Japan
Austria	Jordan
Azerbaijan	Kenya
Bangladesh	Lebanon
Belarus	Libyan Arab Jamahiriya
Belgium	Lithuania
Bhutan	Luxembourg
Botswana	Madagascar
Brazil	Malaysia
Bulgaria	Malta
Burkina Faso	Mauritania
Canada	Mauritius
Chad	Mexico
China	Morocco
Colombia	Mozambique
Côte d'Ivoire	Myanmar
Cuba	Nepal
Czech Republic	Netherlands
Democratic People's Republic of Korea	Nigeria
Democratic Republic of the Congo	Norway
Dominican Republic	Oman
Ecuador	Pakistan
Egypt	Peru
El Salvador	Philippines
Estonia	Poland
Finland	Qatar
France	Republic of Korea
Germany	Romania
Ghana	Russian Federation
Greece	Saudi Arabia
Guinea	Serbia and Montenegro
Honduras	Slovakia
Hungary	Slovenia
India	South Africa
Indonesia	Spain
Iran (Islamic Republic of)	Sri Lanka
	Sudan

* For the list of participants, see TD/B(S/XXIII)/INF.1.

Switzerland	United Kingdom of Great Britain and Northern Ireland
Syrian Arab republic	United Republic of Tanzania
Thailand	United States of America
The Former Yugoslav Republic of Macedonia	Uruguay
Tunisia	Venezuela
Turkey	Viet Nam
Uganda	Yemen
Ukraine	Zambia
	Zimbabwe

2. Representatives of the following States members of UNCTAD not members of the Trade and Development Board attended the session as observers:

Bosnia and Herzegovina	Swaziland
Holy See	Tonga
Solomon Islands	Vanuatu

3. The following observer was represented at the session:
Palestine

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

African, Caribbean and Pacific Group of States
African Union
Agency for International Trade Information and Cooperation
European Community
International Jute Study Group
League of Arab States
Organisation internationale de la francophonie
South Centre

5. The following United Nations agency was represented at the session:
Economic Commission for Africa

6. The following United Nations specialized agency was represented at the session:
United Nations Industrial Development Organization

7. The following non-governmental organizations were represented at the session:

General Category
Exchange and Cooperation Centre for Latin America
Global Traders Conference
World Association of Small and Medium Enterprises
Special Category
International Ocean Institute