



**United Nations
Conference
on Trade and
Development**

Distr.
GENERAL

TD/B(S-XXIII)/5
18 July 2006

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Twenty-third special session, second part
Geneva, 12–15 June 2006

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

Held at the Palais des Nations, Geneva,
from 12 to 15 June 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 report on the first part of the Mid-term Review was issued in document TD/B(S-XXIII)/4. The present report reflects the Board's deliberations on the second part of the Mid-term Review.

Chapter I
AGREED OUTCOME¹
Strengthening the three pillars of UNCTAD

The Trade and Development Board,

1. *Recalls* that the United Nations Conference on Trade and Development, an organ of the UN General Assembly, is the focal point in the United Nations system for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development and has as its objective assisting developing countries, and least developed countries in particular, to successfully integrate into the global economy;

2. *Reaffirms* the São Paulo Consensus;

3. *Further reaffirms* that the work of UNCTAD's three pillars should contribute directly to implementation of the São Paulo Consensus and integrated follow-up to the outcomes of the major United Nations conferences and summits, as well as the accomplishment of the internationally agreed development goals, including the MDGs;

4. *Emphasizes* that UNCTAD should continue to act as an advocate for development and that its work should retain a strong development focus;

5. *Recalling* paragraph 3 of the São Paulo Consensus, *emphasizes further* that UNCTAD's three pillars of research and analysis, consensus building and technical cooperation form an organic whole and are inherently interlinked; they must be strengthened and work in order to ensure that the organization fulfils its mandate;

6. *Stresses* that UNCTAD, as an intergovernmental body, must respond to the needs, concerns and priorities of its membership, and measures to strengthen UNCTAD must take into account the need for the organization to remain responsive and accountable to member States, while maintaining its intellectual independence and rigour of research and analysis;

Strengthening UNCTAD's research and analysis

7. *Emphasizes* that UNCTAD is a knowledge-based institution and that research and analysis is the backbone of its work on trade and development and interrelated issues in the areas of finance, investment, technology and sustainable development;

8. *Stresses* that UNCTAD's research and analysis should help advance consensus on important trade and development-related issues, including within its mandate to the implementation of the outcomes of the major United Nations conferences and summits;

9. *Agrees* that UNCTAD's research and analysis should be development-oriented, independent, and grounded in solid evidence, and provide ahead-of-the-curve and innovative

¹ As adopted ad referendum by the Trade and Development Board on 15 June 2006.

work on trade and development and related issues, challenging conventional wisdom when necessary, and examining all related issues of the international economic system in the context of their relationship with trade and development, including work in the areas of debt, finance, intellectual property, technology, globalization and sustainable development, in accordance with the São Paulo Consensus;

10. *Further agrees* that UNCTAD should enhance its research and analytical work for all developing countries and countries with economies in transition, including as stated in paragraphs 32 and 33 of the São Paulo Consensus;

11. *Recommends* that UNCTAD's research and analysis be strengthened in the context of trade and development and within its mandate, *inter alia* by:

(a) Recognizing the need for diversity in national policies, placing greater emphasis on practical solutions and policy options for developing countries and countries with economies in transition to cope with existing and emerging development challenges;

(b) Examining systemic issues of the international economy of particular importance to developing countries;

(c) Enhancing its statistical and research/analysis databases and software systems;

(d) Ensuring inter-divisional cross-fertilization and collaboration in research and analysis;

(e) Further promoting creative partnerships with other United Nations entities and other international organizations, enhancing development-oriented complementarity, synergies and coherence consistent with each organization's mandate;

(f) Strengthening links with the wider development research community, *inter alia* by deepening contacts with research networks;

(g) Reinforcing the relevance of research and analysis for consensus building and technical assistance in accordance with the needs and priorities of developing countries;

(h) Developing an effective dissemination and communication strategy, targeted at a wider audience, including policy makers and other stakeholders, particularly in developing countries.

Strengthening UNCTAD's consensus building

12. *Emphasizes* the fundamental importance of the consensus building pillar of UNCTAD, in particular its dedicated development perspective, and *stresses* the role this pillar has in enhancing understanding and building convergence in the interrelated areas of trade, investment, finance, technology and sustainable development.

13. *Recommends* that UNCTAD's consensus building pillar be strengthened, *inter alia* by:

- (a) Enhancing the coherence between the different levels of the intergovernmental process;
- (b) Ensuring that, in order to advance the consensus building process, intergovernmental meetings result in development-oriented outcomes including policy options, as mutually agreed;
- (c) Providing a more focused input from the Board to the General Assembly's consideration of the agenda item on international trade and development;
- (d) Ensuring the Board's agenda is varied and topical;
- (e) Working towards ensuring that the agendas of the Commissions are topical and focused, including by concentrating on one or two major themes of mutual interest and, when requested, a policy review on a rotating regional basis;
- (f) Ensuring that, as appropriate, the Commissions take into account the work of expert meetings in their substantive policy dialogues;
- (g) Considering the possibility of creating a Commission on Globalization and Systemic Issues;
- (h) Exploring the possibility of having some expert meetings on a multi-year basis and building networks of experts;
- (i) Finding urgently a sustainable solution to the predictable financing of experts from developing countries and countries with economies in transition in UNCTAD expert meetings;
- (j) In addition to existing intergovernmental meetings and processes, utilizing informal events to deal with current trade and development issues;
- (k) Encouraging greater participation of non-state actors working in the development fields, including the private sector, and from developing countries in UNCTAD's intergovernmental meetings, in accordance with the established rules of procedure and as prescribed in the São Paulo Consensus;
- (l) Making full use of the monthly consultations of the President of the Board as a means of regular and informal exchanges of views;

Strengthening UNCTAD's technical cooperation

14. *Emphasizes* that the role of the technical cooperation provided by UNCTAD is anchored on, interrelated with, and essential to the two other pillars in an appropriate sequenced manner, with a view to their operationalization;

15. *Agrees* that there is a need to ensure transparency, efficiency, effectiveness and accountability in all UNCTAD technical cooperation activities, and *emphasizes* the

importance of development-oriented and demand-driven technical assistance, based on the priorities of, and ownership by, beneficiaries;

16. *Urges* donors to work towards predictable funding, based on needs, concerns and priorities of developing countries, in order to allow increased sustainability of technical assistance activities to developing countries and regions, with special attention to the LDCs;

17. *Notes* the increase in extrabudgetary resources, while recognizing that technical assistance should be grounded on the São Paulo Consensus, and *also agrees* to explore the possibility of alternative sources and mechanisms of funding to undertake studies on issues of special interest to developing countries;

18. *Recognizes* the need to identify potential areas for improvement in the technical cooperation strategy as elaborated in paragraph 53 of document TD/B(S-XXIII)/3;

19. *Recommends* that UNCTAD's technical assistance pillar be strengthened by:

(a) Ensuring more cross-divisional cooperation in order to reflect the systemic perspective of the key interrelated issues of the international economic agenda in the design and the implementation of technical cooperation activities;

(b) Working towards the introduction of integrated and multi-donor thematic programmes of technical cooperation in order to reduce the number of small and earmarked operations;

(c) Improving management, evaluation and reporting of all technical cooperation activities according to UN Rules and Regulations and appropriate best practices;

(d) Introducing better monitoring of technical cooperation and fund raising;

(e) Ensuring an effective role of UNCTAD at country level by providing analytical inputs to UN Country Teams and by improving cooperation with UNDP and UN Resident Coordinators;

(f) Promoting synergies and strengthening the linkages between technical cooperation and the other two pillars;

(g) Ensuring that UNCTAD is in a position to play an important role in the Aid for Trade Initiative, in accordance with UNCTAD's mandates, expertise and development approach;

(h) Introducing an information sharing system to enhance the flow of information on technical cooperation, as well as to improve the information provided to member States on technical cooperation activities;

(i) Maximizing the regional delivery of technical assistance activities, thus benefiting from pooled resources and enhancing relevance;

(j) Ensuring that all technical assistance activities utilize to the maximum extent possible local and regional expertise and material resources to enhance the institutional capacity of recipient countries and the sustainability of benefits;

(k) Within existing resources, delivering short training courses on key issues on the international development agenda for Geneva-based delegations in the context of paragraph 166 of the Bangkok Plan of Action.

Chapter II

STRENGTHENING THE THREE PILLARS OF UNCTAD

(Agenda item 3)

Opening statements

1. The **Secretary-General** said that the development dimension of trade and economic growth remained the defining trait of the work of UNCTAD, a knowledge-based institution. The point of departure for all its work should be research and analysis, which would form a basis for consensus-building and technical cooperation, although there was a constant process of cross-fertilization among them. The feedback from technical work at the country level would ensure that UNCTAD's research kept up with the evolving concerns of member States. While there was room for improvement in UNCTAD's role in consensus-building, particularly in its structure and reporting mechanism, the effectiveness of its intergovernmental machinery would also depend on the efforts of all concerned, including guidance by member countries.

2. One area that the Internal Task Force on Reform had closely examined was technical cooperation, where there appeared to be some shortcomings. The Secretary-General said that the delivery of technical cooperation should not be the end of the line, but that the lessons learned from delivery should feed back into research and the intergovernmental process. UNCTAD had tried some of the ideas put forward by the Task Force for stronger central coordination of its technical cooperation and greater synergy and interaction between it and the other pillars, as well as other international efforts.

3. The Secretary-General reported on the Panel of Eminent Persons, which had held its third and final meeting in Helsinki. The Panel had recommended that with regard to the pillar of research and analysis, UNCTAD tap more systematically into the wealth of existing knowledge by establishing a global network of think tanks specialized in development policy advocacy and best practices. It had also suggested that an informal consultative group of eminent development economists conduct a peer review of UNCTAD's key research products so as to improve their quality and coherence. Also, UNCTAD should strengthen its "flagship" research products, and limit the number of publications of lesser significance. The Panel had recommended that UNCTAD's intergovernmental machinery provide relevant and pragmatic solutions to development problems through, inter alia, inventories of best practices, checklists and indicative guidelines, sets of criteria or principles, and model frameworks. To help UNCTAD's intergovernmental expert meetings achieve pragmatic outcomes, their format could be changed to that of standing expert groups, focusing on key development issues. That would not just establish a crucial continuity in topics but also create a cohort of experts associated with UNCTAD. UNCTAD's commissions could be more effective if they dealt with more focused issues, specifically through the consolidation of the commissions themselves into two, dealing with investment and trade respectively, with a possible third commission dealing with technology. The deliberations of the Trade and Development Board could be enriched by interactions with development think tanks and multi-stakeholder dialogues. One relevant idea here could be to set up a Global Forum for Trade, Investment and Development, which would meet biennially. The arrangement for the quadrennial conferences could require reconsideration, with a view to attracting representation from ministerial portfolios other than trade. Another idea would be to hold the conferences biennially, with each focusing on a different area of UNCTAD's work, and to bring their

timing into line with the UN budgetary cycle. The Panel stressed that the financing of developing countries' participation remained a challenge, and that it could be addressed by setting up a special trust fund of voluntary contributions. It recommended that UNCTAD build on its technical excellence in economic policy issues, and consolidate its numerous projects into four or five major programmes centred on overarching themes, with a view to maximizing impact and increasing efficiency and coherence. It suggested the establishment of an advisory body for technical assistance composed of heads of development assistance agencies and of recipient agencies in developing countries to advise the Secretary-General of UNCTAD on setting up institutional strategies for technical cooperation and to review the impact of this work.

4. The Secretary-General said that while it was difficult to speculate about the implications of the present UN reform for UNCTAD, one thing that would not be subject to change would be the centrality of trade and development to the work of the United Nations. He stressed that UNCTAD had a clear mandate and an impressive record of achievements, and that its work should ultimately contribute to the overall objectives of the United Nations, especially in the areas of poverty reduction, sustainable development, and the promise of a secure and peaceful world.

5. The representative of **Pakistan**, speaking on behalf of the **Group of 77 and China**, said that the Mid-term Review provided a timely and useful opportunity to revitalize UNCTAD as a strong player in international economic governance. He recalled that while UNCTAD had been conceived as a pro-development, knowledge-based organization to facilitate successful integration of developing countries into the world economy, and had been the world's development conscience over forty years, this role had suffered as the result of internal factors during the last decade. The Mid-term Review should strengthen each of UNCTAD's three functional pillars so as to allow the organization to operate at its full capacity, and play its role in promoting pro-development systemic coherence, particularly between international monetary, financial and trading systems. This would require that the development content in each pillar be fully restored and strengthened from a development perspective and on an equal footing. It would also require that the linkage between the three pillars be preserved and strengthened through a sequential approach, so that evidence-based research and analytical work would inform consensus-building, which should in turn guide technical assistance in a demand-driven fashion. The speaker said that his group would submit a draft text for the outcome of the meeting, outlining the group's perspective on the three pillars. As for the preparation of the report of the Panel of Eminent Persons, he looked forward to its finalization. With reference to the consultation held earlier with the High-Level Panel on UN System-Wide Coherence, he said in particular that the process should not lead to the dilution of UNCTAD's mandate.

6. With regard to the three functional pillars of UNCTAD, he underscored the importance of research and analysis as the latter's lifeline, with the development orientation and independence of this pillar, as demonstrated by its past accomplishments in such areas as work on official development assistance or the Asian financial crisis, being an imperative for institutional revival. Research and analysis should not be politicized, but be conducted in an atmosphere of intellectual integrity and independence in order to provide development-oriented solutions to existing and emerging challenges faced by developing countries. He stressed that the development quotient must not be reduced at any cost even if it challenged conventional wisdom. As regards consensus-building, he recalled that UNCTAD had faced

particular hardship in the recent past owing to the steady erosion of this pillar, but the São Paulo Consensus had radiated positive energy, paving the way for the July Package in the WTO, and demonstrated the ability of UNCTAD to prepare and transmit consensus calls for strengthening the consensus-building pillar. That pillar should be further strengthened through substantive outcomes in the intergovernmental machinery that would go beyond chairperson's summaries or agreed recommendations. Consensus-building must be an ongoing process in the work of each tier, as UNCTAD's proven competence should continue to be used to develop soft law to promote rule-making in the WTO and other organizations, and this normative role as a catalyst for multilateral action from a comprehensive development perspective could advance consensus-building in other forums. Ways must be explored for reviving the negotiating process in UNCTAD for policy recommendations to the UN General Assembly, particularly to the Second Committee. A sustainable solution should also be found with regard to the financing of experts from developing countries. In connection with the third pillar, he emphasized that technical cooperation was an important pillar and should work in tandem with, and be anchored in, the other two pillars, so as to ensure that technical cooperation activities were demand-driven and corresponded to the specific needs and priorities of recipients. In this regard, he noted that predictability of funding, transparency, efficiency and independence were essential in lending a demand-driven orientation to this pillar.

7. The representative of **Sri Lanka**, speaking on behalf of the **Asian Group and China**, made four general comments on how to approach the present discussion. First, the discussion should be faithful to the São Paulo mandate. Second, the three pillars should be considered to be interrelated and should be strengthened. Third, each pillar had an impact on the role of UNCTAD and on the policymaking of developing countries. Fourth, the interface between the three pillars should be reviewed and assessed on a regular basis by the intergovernmental machinery.

8. As for specific comments, the representative reiterated the support of his group for UNCTAD's research and analysis work, which should not only form the basis for its consensus-building and technical assistance activities, but also be development-oriented and address contemporary issues. He commended UNCTAD's analytical work and impact assessment on the broad theme of "assuring developmental gains from the international trading system, trade negotiations and commodities". In the area of investment, the *World Investment Report* was a concrete example of the benefits of this work for the developing countries. He singled out the interrelations between the three pillars in UNCTAD's work in the field of competition policy, where the innovative process of voluntary peer review was being applied.

9. Regarding consensus-building and the intergovernmental machinery, the representative referred to the report of the secretariat, and said that this group fully associated itself with the suggestions made by the Group of 77 and China. It shared the view that UNCTAD's intergovernmental machinery provided not only useful guidelines for identifying issues for research and policy analysis, but also a unique opportunity for all member countries to debate and highlight, freely and outside the negotiating framework, issues of common concern.

10. In the area of technical assistance, the representative suggested an action-oriented debate on how to further strengthen the links between this pillar and the other two as a

possible area of UNCTAD's work. Technical assistance activities should be demand-driven, and the needs of developing countries and their ownership should be ensured through enhanced consultations between donors and beneficiaries. Of particular importance for Asian countries was UNCTAD's assistance in the area of the international trading system, trade negotiations and commodities. While the focus of technical cooperation should remain on capacity development, his group would encourage the formulation and implementation of regional and subregional projects.

11. The representative of **Honduras**, speaking on behalf of the **Latin American and Caribbean Group**, said that the Mid-term Review provided an opportunity to reinforce UNCTAD's role among global economic institutions, to address problems and imbalances faced by developing countries and to respond to their requirements. Through its research, analysis and technical cooperation activities, the organization offered developing countries practical and alternative tools, conceptual solutions and opportunities for the exchange of experiences and best practices. Recognizing UNCTAD's comparative advantage over international bodies and forums, he said that the secretariat should assist its universal forums by presenting systematic, independent and integrated analyses of macroeconomic issues in the areas of trade, finance, investment, technology, environment and international cooperation, as well as by elaborating related proposals regarding these issues and new emerging ones.

12. The three pillars of UNCTAD's mandate were equally important. Only on the basis of its analysis and research work was the secretariat able to assist in achieving concrete results in the areas of technical cooperation and consensus-building, such as those related to international commodity agreements, the Generalized System of Preferences and the innovative concept of policy space. UNCTAD's analysis and research work must continue and be further carried out on key issues related to trade and development. Referring to the consensus-building pillar, he suggested that the Trade and Development Board develop each year an agenda that included key development items for developing countries. UNCTAD's *Trade and Development Report* should be regarded as a valuable contribution to this debate, taking into account the various levels of development in the region. Its technical cooperation should continue to play a fundamental role in supporting the preparation of developing countries for, and their participation in, multilateral trade negotiations and in strengthening their capacities. Its efficiency and relevance would depend on the integration of the three pillars and the availability and predictability of financial resources and voluntary contributions free of any constraints or conditions. Its value added and credibility were linked to UNCTAD's analytical work and to the results of debates among member States on development and policy issues. In the case of Latin America and the Caribbean, activities provided through the three pillars should be developed according to the needs and characteristics of each country. Technical cooperation should also consider the development dimension, in line with the new Technical Cooperation Strategy for UNCTAD adopted in 2004. In conclusion, the representative reiterated that his group considered that the three pillars of UNCTAD's mandate should be maintained and strengthened, and be adapted to the needs of their member States.

13. The representative of **Algeria**, speaking on behalf of the **African Group**, noted that the fundamental principles that had led to the creation of UNCTAD were still valid today, despite the economic changes of the last 40 years. To make a substantial contribution to the United Nations Development Programme, UNCTAD's three pillars should be coordinated,

and synergies between them should be preserved and reinforced. The coherence between the pillars should also be strengthened in spite of a tendency to focus excessively on resources and technical cooperation.

14. The speaker reaffirmed the vital role played by UNCTAD in helping developing countries establish development indices in the context of bilateral negotiations through its policy analysis and consensus promotion. UNCTAD should give further attention to questions of crucial importance to developing countries, such as intellectual property and technology transfers, topics that had been abandoned. Also, UNCTAD's analytical work would have a higher profile if it was carried out through training activities or other support activities. He emphasized that the cooperation between the New Partnership for Africa's Development and the secretariat should be extended through regional technical assistance programmes.

15. There remained some priority areas for the Africa region where the research work carried out by UNCTAD should be more effectively used as a platform for technical assistance and discussions at the intergovernmental level. To meet the needs of developing countries, technical assistance should be given adequate resources and should be delivered in an unconditional manner. In the light of UNCTAD's numerous contributions, he called for a strengthening of its mandate, which he saw as a prerequisite for the preservation of the development dimension within the UN system.

16. The representative of the **Czech Republic**, speaking on behalf of **Group D**, said that while her group appreciated the work of UNCTAD in the field of research and analysis, in particular the quality of some of its main publications, it was necessary to ensure sufficient coordination with other organizations and institutions to avoid duplication. The outcome of the work in this field should serve as a basis for other activities of UNCTAD and should be properly disseminated among policymakers in beneficiary countries through an effective communications strategy. Regarding consensus-building, she expressed her group's willingness to elaborate on many of the ideas in the secretariat's report that appeared to be relevant and interesting, and to discuss possible ways of improving the work of the Trade and Development Board, the commissions and expert meetings. Technical cooperation must be shaped by the demands and needs of beneficiary countries, and its transparency and effectiveness must be enhanced. Finally, she expressed support for better coordination and increased coherence among the three pillars and called for the strengthening of the interlinkages among them.

17. The representative of **Austria**, speaking on behalf of the **European Union (EU)** and the acceding countries of **Bulgaria** and **Romania**, noted that the Mid-term Review was an ongoing exercise aimed at contributing to the firm integration of UNCTAD into the work of the UN system, as well as reinforcing the institution in, and across, its three pillars of work. She said that although these three pillars were closely interrelated, her group was of the view that the coherence between them could be further enhanced. Also, UNCTAD's work should focus more on the specific needs of LDCs, and of other poor and vulnerable countries, especially in Africa. With regard to the documentation prepared for this second phase of the Mid-term Review, the EU appreciated the work done by the secretariat and would thus limit its remarks to the section on "next steps".

18. UNCTAD could make better use of its comparative advantages, which related to "ahead of the curve" research and analysis. Its role should be to identify areas which could pose challenges to developing countries and to propose policy options. The speaker warned against the risk of UNCTAD's work overlapping with that of other institutions, and suggested that UNCTAD seek collaborative arrangements where appropriate. She noted with satisfaction the efforts made by UNCTAD with a view to increasing cooperation with the UN Secretariat. She suggested a strengthening of the links with the wider development research community, and the development of "good practices". UNCTAD's work in this area would form the basis for its technical assistance activities.

19. Regarding consensus-building and the intergovernmental machinery, the EU considered that decisions pertaining to structures could be discussed during the next regular session of the Trade and Development Board or the Conference. The speaker, however, welcomed a number of suggestions in the document prepared by the secretariat, such as a more dynamic, varied and topical agenda of the Trade and Development Board, and Commission agendas that addressed one or two themes as well as a policy review. Concerning the expert meetings, she supported the idea of making them part of a longer process, which could foster stronger networking among participants.

20. The speaker said that all three pillars needed to have the same weight. In her group's view, technical cooperation should be driven and shaped by the demands and needs of developing countries. She pleaded for more centralized management of technical cooperation activities, increased transparency and more relevance and impact on the ground. Finally, she suggested that UNCTAD focus on its areas of comparative advantage, that the work be guided by the Paris Declaration on Aid Effectiveness and that UNCTAD engage more in the development of country-specific instruments.

21. The representative of the **United States of America** said that her country supported UNCTAD and appreciated its work in assisting developing countries in integrating themselves into the global economy. UNCTAD had important work to do in producing objective and targeted research and analysis to further the understanding of the role of trade in poverty reduction, as well as providing practical assistance to developing countries. It should continue to work in creative partnership with other international organizations, thereby enriching the work of all involved; however, it should focus its efforts on those areas where it had expertise and a unique contribution to make, so as to eliminate unnecessary duplication. The delegate emphasized that increasing efficiency and reducing redundancy would make the United Nations a better servant of development. She also said that the present session provided a good opportunity to examine UNCTAD's three pillars with a view to identifying ways to make them more effective. Acknowledging that the session was neither the time nor the place for sweeping changes to UNCTAD's work or mandate, she called for the cooperation of all to identify areas of common concern and for attention to be focused on them.

22. The delegate of the **Russian Federation** said that his country had always advocated the full implementation of UNCTAD's mandate and the preservation of the three pillars of its activities. He noted that there was strong demand in his country for statistical data and analytical information on trends in, and the situation of, the world economy. Of practical interest to the Russian Federation among the studies conducted by UNCTAD were those in areas such as trade efficiency, customs procedures, trade and energy, resources and

commodities, competition and effective business practices, trade and investment, environmental issues, and transfer of technology. It was particularly important for UNCTAD to preserve its role as a forum for political dialogue and topical issues related to international trade and development. In order to enhance the effectiveness of the intergovernmental dialogue, it would be important to improve the processes for preparing and conducting such discussions as well as the methods used to reach agreed decisions. In view of resource limitations regarding technical assistance, it would be necessary to enhance the latter's effectiveness and also to set priorities.

23. UNCTAD's assistance to the Russian Federation in its accession to the WTO was extremely effective, providing it with practical benefits. Other areas where UNCTAD's assistance was extremely important included competition, investment and international accounting practices. UNCTAD training courses on international trade and development had been useful, and thematic courses had been planned for Central and Eastern European and CIS countries this autumn. UNCTAD technical assistance, which should be based on the principle of universality, must take into account the needs of all member States and groups of countries. In conclusion, the speaker recommended that UNCTAD cooperate closely — on the basis of mutual advantage — with all other organizations in the UN system, the WTO, donor organizations, and national, regional and subregional organizations.

24. The representative of **Colombia** reaffirmed the importance of trade in promoting development, and underlined the role of UNCTAD in contributing to the Millennium Development Goals and in improving the living conditions of people throughout the world. He expressed his regret about the weakening of UNCTAD's original mandate, in particular the termination of its negotiating role. Although UNCTAD could play a major role in fostering cooperation between developed and developing countries, and provide guidance and technical assistance in the area of development, a continued decrease in its financial and human resources would have devastating consequences. Its capacity to meet the challenges of the United Nations would be considerably reduced, and it would lose its vital role of fostering intellectual debate and conciliating opposing views. In conclusion, he said that no subject, including policy space, could be exempt from discussion, and that no policy could be imposed.

25. The representative of **Thailand** stated that in the light of the UN reform and the work of the Secretary-General's High Level Panel, UNCTAD could play a critical role in enhancing coherence in the area of development. He noted that strengthening UNCTAD's three interconnected pillars would help achieve the objectives of the Millennium Development Goals and contribute to the follow-up to major international conferences. In research and analysis, he highlighted investigating policy space available to developing countries, generating an integrated view of global economic issues, establishing worldwide linkages with the development research community and better utilizing the various UN regional offices. With regard to consensus-building, he identified areas for improvement in the structure of the various meetings, starting with the Trade and Development Board, the commissions and expert meetings. Referring to technical cooperation, he stressed that improved delivery of tailor-made activities and efficient management were key elements, and commended the Secretary-General's efforts in streamlining administration and enhancing the UNCTAD secretariat's responsiveness to the needs of member States. As one possible way for improvement, he suggested the tracking of technical cooperation activities carried out by all divisions of UNCTAD at the national and regional levels.

26. The representative of **China** said that through exercising its three functions in respect of policy analysis and research, intergovernmental debate and technical cooperation, UNCTAD had not only provided the developing countries with significant and highly effective assistance which promoted South–South cooperation and South–North dialogue, but also assisted developing countries in coping with the challenges of economic globalization. In the area of research and policy analysis, the TDR, WIR and LDC reports and other research undertakings had had an important international impact, and had been used by many member States as important references in policymaking. He expressed his appreciation for UNCTAD's support to some of its members in their WTO accession process and the Doha trade negotiations. UNCTAD's intergovernmental meetings at various levels had also provided good opportunities to share development experiences, promote consensus-building and contribute positively to UN summits, other important international conferences and the Doha round trade negotiations. Referring to technical assistance, the representative acknowledged that considerable amounts of tailor-made and effective assistance had been provided at the request of member States in the areas of trade and development, where UNCTAD's comparative advantage lay.

27. He emphasized that the unique role and comparative advantage of UNCTAD should be further strengthened, particularly at a time when efforts were being made to enhance the UN's role in promoting development. The Mid-term Review should therefore, first of all, help to make UNCTAD's functions more in tune with the present needs of the developing countries as well as the realities of world economic development. Second, it should tap further into UNCTAD's comparative advantage. Third, it should ensure that the three functional pillars of UNCTAD were complementary, with research and policy analysis underpinning intergovernmental debate and technical assistance. The delegate said that while intergovernmental meetings functioned as a platform for building consensus for the other two pillars, technical assistance was the tool with which to implement the outcome of the other pillars.

28. The representative of **Brazil** expressed his delegation's endorsement of the decision of the Secretary-General of UNCTAD to establish the Panel of Eminent Persons, over which the former President of his country, President Cardoso, had been asked to preside. He asked how soon the Panel, which had recently held its final meeting, would provide the Secretary-General of UNCTAD with its final report, and how it would be shared with the member States.

29. The representative of **Indonesia** said that UNCTAD had significantly helped developing countries understand evolving world issues and their implications for development, with its three pillars having assisted both the developing and the developed countries to cope with different global issues relating to trade and development. With regard to the economic development of developing countries, the role of research and analysis undertaken by UNCTAD was crucial. The linkage between the three pillars was of prime importance for developing countries. UNCTAD's research and intellectual capacity-building had contributed to a better understanding of how to deal with foreign direct investment by taking into account new emerging international issues in the context of national legal regimes. The speaker also expressed satisfaction with UNCTAD's work on competition policy. Commending UNCTAD's technical assistance, he called for it to be scaled up so that more developing countries could benefit from it, just as Indonesia had been able to do.

30. Since research and analytical work was a cornerstone of UNCTAD, financial support was seen as being fundamental to the organization. Therefore, strengthening this pillar should take centre stage, although the other two pillars — consensus building and technical assistance — could not be viewed separately. There should be greater coherence among the pillars. The speaker emphasized that UNCTAD should cooperate not only with UN institutions but also with international organizations, thus bringing more synergy to the solid groundwork needed for both technical cooperation and capacity-building within UNCTAD.

31. The representative of **South Africa** recalled UNCTAD's unique mandate, and stressed the need to clearly reaffirm its continued relevance within the United Nations system. She emphasized that its three interlinked pillars should be preserved and strengthened, with research and analysis being the key driver of UNCTAD's work and the organization's integrity and intellectual independence being maintained. Continued attention should be given to identifying obstacles that limited the ability of developing countries and LDC economies to fully benefit from globalization. The representative also said that UNCTAD played a critical role in building consensus and confidence in the multilateral trading system. She supported the holding of a wide range of one-off expert meetings rather than focusing on multi-year events, the placing of more emphasis on interactive policy deliberations amongst member States rather than on panel discussions in the commissions, and the reintroduction of executive sessions for substantive discussions on the LDCs and on Africa. She expressed her concern about UNCTAD's inability to implement its technical cooperation activities in accordance with the agreed principles of capacity-building, transparency, predictable funding and independence. Technical cooperation should respond to the needs of the beneficiary countries and funding should follow activities, not the other way round. In this respect, she reiterated the need to increase the regular budget of UNCTAD.

32. The representative of the **Islamic Republic of Iran** said that since the pillar of research and analysis was the driving force behind UNCTAD activities and the effectiveness of the other two pillars depended on the first pillar, its autonomy and integrity were absolutely vital for UNCTAD's credibility. As for the second pillar, namely the intergovernmental process of consensus-building, he believed that the full implementation of the guidelines of 1998 and the decisions of 2002 could improve its functioning, and that expert meetings would be the major component of the existing structure, which should add value to the policy dialogue. Follow-up to major UN conferences, the coherence and various aspects of globalization and interdependence, and institutional arrangements at the multilateral level required more substantive discussions, which should be associated with the necessary arrangements in the intergovernmental process. Referring to the third pillar of technical cooperation activities, he said that they should be demand-driven and based on the priorities and development strategies of the beneficiary countries, and that the flexible nature of its technical assistance due to the decentralized structure should be preserved. He emphasized that greater amounts and predictability of funding, and enhanced transparency and effectiveness, together with better dissemination of their outcomes, could serve to promote and facilitate outreach for technical assistance activities.

33. The representative of **India** said that UNCTAD should continue to contribute to a greater understanding of the interface and coherence between international processes, negotiations and development strategies that developing countries needed to pursue. It should

also continue to monitor and assess the evolution of the international trading system and of trends in international trade from a development perspective, as well as to analyse issues of concern to the developing countries. She reaffirmed the importance of strengthening UNCTAD's three functional pillars, making them more effective, and enhancing their coordination and synergy. She stressed that building synergies, cutting costs and avoiding duplication all had their value but not at the expense of UNCTAD's mandate, to which developing countries attached particular importance, nor at the expense of ensuring predictable and stable core financial resources for the organization.

34. The representative of **Egypt** suggested that a benchmark be established so as to ensure that the objective of strengthening the three functional pillars of UNCTAD be achieved. To that end, he suggested a model which would encompass two complementary "quantitative" and "qualitative" dimensions that could be applied to the three pillars.

35. The representative of **Tonga** said that while appreciating UNCTAD's initiatives and efforts in research and analytical work on development issues, his country emphasized the need to include all Pacific island countries, where relevant, in that work. In particular, he attached great importance to building supply and export capacity, trade facilitation, the impact on national development of liberalization of trade in services, and, most importantly, competitive strategies for island countries on trade in agricultural and industrial goods. He pointed out the need to determine how the results of research had been made available to small island countries, as well as how the Governments of those countries could effectively utilize and link them to the development of their respective national policies. Acknowledging the importance of building consensus on key international and national issues, he saw the process containing two tracks: (i) domestic consensus-building between Governments and their respective stakeholders on development issues in order to ensure a widely-held sense of ownership of Governments' foreign policy; and (ii) regional and international consensus-building to ensure that small island countries in the Pacific had a unified position. Other topics of particular interest included the limited financial support, which jeopardized the participation of those countries in important meetings, as well as limited human resources for essential trade and development issues. In conclusion, the representative underscored the important role of technical assistance activities in allowing small island countries to participate in and contribute to the multilateral trading system.

36. The representative of the **Philippines** said that with respect to the work at this phase of the Mid-term Review, delegations should learn from past experiences and direct the discussions towards building consensus among member States. He referred to the three pillars of UNCTAD's mandate and their interdependence and interrelation and the need for them to work in a concerted manner to foster consensus on hard-core development issues not only at the technical level but also at the political level. To ensure coherence, both at the systemic level and with respect to the broader work on development, UNCTAD's work should be based on a complementary approach so that the various facets of developmental issues were adequately addressed. He also emphasized the importance of ensuring that solid, independent, and innovative policy analysis led to meaningful policy-oriented outcomes in UNCTAD's various meetings, to contribute substantially to major processes related to development, including in the United Nations and its relevant bodies and specialized agencies and the World Trade Organization.

37. The **Secretary-General**, replying to the Brazilian delegate's inquiry about the availability of the report of the Panel of Eminent Persons, said that attempts had been made to finalize it as early as possible. A meeting would be held with all delegations in order to have a formal launch of the report, with 21 June 2006 being the date set for the occasion. The idea would be to have a half-day meeting during which the Panel would be able to interact with all the delegations. The Secretary-General said that the report was addressed to him and contained a number of practical recommendations; some of these would require deliberations by the delegations and their consent, while for the others he would be able to take action on his own.

Informal meetings

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

Action by the Board

39. At the closing plenary meeting of the second part of the Mid-term Review on 15 June 2006, the Board adopted its agreed outcome ad referendum. (For the outcome, see chapter I above.)

Chapter III

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Opening of the session

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

B. Adoption of the agenda

41. The agenda was as adopted at the first part of the session, namely:
1. Adoption of the agenda and organization of work
 2. Stocktaking in respect of the implementation of the São Paulo Consensus²
 3. Strengthening the three pillars of UNCTAD:
 - (a) Consensus building
 - (b) Research and analysis
 - (c) Technical cooperation
 4. High-level policy dialogue and the way forward³
 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

C. Bureau

42. 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 Strømmen	(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)
	Mr. Musa Burayzat	(Jordan)
Rapporteur:	Mr. Levan Lomidze	(Georgia)

² Taken up at the first part of the session (TD/B(S-XXIII)/4).

³ To be taken up at the third part of the session in September 2006.

D. Adoption of the report of the Board

43. At the closing meeting, the Board adopted the draft report on the second part of its twenty-third special session (TD/B(S-XXIII)/L.3 and Add.1).

Annex**ATTENDANCE**

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

Afghanistan	Jordan
Algeria	Kuwait
Angola	Lebanon
Argentina	Luxembourg
Austria	Madagascar
Bangladesh	Malaysia
Belarus	Mali
Belgium	Malta
Benin	Mauritania
Bhutan	Mauritius
Botswana	Mexico
Brazil	Morocco
Bulgaria	Myanmar
Canada	Nepal
Chad	Nicaragua
China	Netherlands
Colombia	Nigeria
Côte d'Ivoire	Norway
Cuba	Oman
Czech Republic	Pakistan
Democratic Republic of the Congo	Paraguay
Dominican Republic	Peru
Ecuador	Philippines
Egypt	Poland
El Salvador	Portugal
Estonia	Republic of Korea
Ethiopia	Russian Federation
Finland	Saudi Arabia
France	Serbia
Germany	Slovakia
Greece	Slovenia
Guatemala	South Africa
Guinea	Spain
Haiti	Sri Lanka
Honduras	Sudan
India	Switzerland
Indonesia	Syrian Arab Republic
Iran (Islamic Republic of)	Thailand
Israel	The former Yugoslav Republic of
Italy	Macedonia
Jamaica	Turkey
Japan	

United Kingdom of Great Britain
and Northern Ireland
United Republic of Tanzania
United States of America

Venezuela
Viet Nam
Yemen
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
Holy See

Rwanda
Tonga

3. The following observer attended the session:

Palestine

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

African, Caribbean and Pacific
Group of States
European Community

League of Arab States
South Centre

5. The following United Nations Agencies was represented at the session:

International Trade Centre

6. The following United Nations Specialized Agencies were represented at the session:

United Nations Industrial Development Organization

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

General Category

International Council of Women
Third World Network

Special Category

International Ocean Institute

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