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

Held at the Palais des Nations
from 3 to 10 October 2006

Rapporteur: Mr. Levan Lomidze (Georgia)

UNCTAD, UN reform and development

Speakers:

Minister of
International
Cooperation of Egypt
Ethiopia

Argentina for the Latin
American and Caribbean
Group

Angola for the African
Group
Pakistan

Note for delegations

This draft report is a provisional text circulated for clearance by delegations. Requests for amendments to statements by individual delegations should be communicated by **Tuesday, 17 October 2006** at the latest, to:

UNCTAD Editorial Section, Room E.8106, fax no. 917 0056, tel. no. 917 1437.

UNCTAD, THE UN REFORM PROCESS, AND DEVELOPMENT

(Subtheme 3)

Lead discussants

1. **Her Excellency Ms. Faiyza Abou El Naga, Minister of International Cooperation of Egypt**, emphasized the fundamental role of the United Nations in responding to global challenges. Although the world had changed since the founding of the United Nations, the principles of the UN Charter retained their relevance. While the UN was rightly trying to adapt to today's world, such reform should not compromise its vital role in development. The UN must continue to be of benefit to its developing member States. Indeed, UN reform should promote a greater focus on development issues, particularly in relation to the implementation of Millennium Development Goal 8 – Develop a Global Partnership for Development. Cooperation on development among UN agencies should be enhanced without sacrificing the advantages of specialization and the accumulated experience that each agency had. It was essential that the reform process be inclusive. Not only should developing countries be involved, but so should the private sector – the main engine of economic growth – and civil society organizations. In this regard, the UN had an important function in promoting corporate social responsibility. Reform should also focus on real country ownership of development policies.

2. She underlined that the reform process should make the UN stronger and more assertive of its role under its charter. This would mean a UN that was better funded, more streamlined in its organization, structure and administration, and better able to respond to humanitarian crises.

3. In this framework, UNCTAD needed to continue to evolve in order to meet current and future needs of developing countries. For this, it needed to establish itself as the leading UN agency on emerging issues such as Aid for Trade, enterprise competitiveness and investment for development; it needed to position itself strategically as the only UN body that could provide a holistic view of the global economy with a development perspective, focusing on broadening the policy space that developing countries needed to face today's challenges. UNCTAD needed to revamp the partnerships launched at São Paulo, in particular in the commodities sector, and enhance the role of civil society and of the private sector in its processes.

4. The recommendations of the Panel of Eminent Persons provided some interesting suggestions, particularly in relation to changes in UNCTAD conferences and commissions, as well as in the deliberations of the Trade and Development Board. This should lead to a stronger consensus-building pillar that would give UNCTAD more authority in shaping the development discourse. Much thinking needed to be done also on how to increase the relevance of UNCTAD's contribution to the main UN bodies, particularly the General Assembly. It was useful to think in terms of a “ladder of intergovernmental agreements”, with the top end consisting of contractual obligations and the bottom end comprising chair's summaries. The relevance of UNCTAD's deliberations would be directly proportional to its position on the ladder. Thanks to its universal membership and crosscutting mandate, UNCTAD should pursue moving beyond non-contractual consensus building. There needed to be the will and commitment to translate “sweet talk” into “action in the field”.

5. To that end, UNCTAD needed genuine political will on the part of its member States. While the G-77's political involvement was growing, the development partners must work together with the developing countries in the interest of all. The ultimate test for UNCTAD would be to effectively deliver improvements on the ground, and the emphasis recently placed by the Secretary-General of UNCTAD on capacity-building went in the right direction.

6. **H.E. Mr. Fisseha Yimer, Permanent Representative of Ethiopia to the United Nations in Geneva**, stressed the never-ending nature of the reform process. However, reform should not be seen as an end itself but as a means to achieve a defined objective. In this context, he underlined the important role that institutions played in processes of development. Reform of the UN – and in particular UNCTAD – should lead to a revival of the relevance and competence of UN agencies so that their work became more effective. The UN reform process should not be used as a means to cut resources and reduce mandates. Since UNCTAD renewed its mandate every four years at its quadrennial conferences, the organization underwent change regularly. However, UNCTAD's intergovernmental machinery did require some adjustments. The consensus-building function should move beyond innocuous decisions that would never be implemented towards concrete conclusions that could have an impact on the ground.

7. He stressed the importance of a level-playing field in order to build effective partnerships for development, and UNCTAD's role in building institutional and technical capacity in that regard was important. The value of UNCTAD's analytical work was also stressed. UNCTAD was uniquely placed to provide a clear and integrated understanding of the complex development process. In this context, it was essential to examine the recommendations of the Panel of Eminent Persons with regard to building better synergies between analysis and actions in developing countries. Those recommendations could also help to integrate UNCTAD's holistic approach with the work of other UN agencies while avoiding duplication of work and institutional overlapping.

8. With regard to technical assistance, UNCTAD should strengthen its capacity-building programmes by providing them with adequate and timely resources and by working closely with beneficiaries, so that the programmes were based on careful assessments of local needs and priorities. It should also play an important role in the elaboration, operational modalities and policy implications of the Aid for Trade initiative.

Statements

9. The representative of **Argentina**, speaking on behalf of the **Latin American and Caribbean Group**, said that UNCTAD had a key, strategic role to play in fostering dialogue and the exchange of ideas on trade and development, as it was a consensus-building forum. Furthermore, UNCTAD could contribute to negotiation processes through meetings and events that allowed forward-looking debate. The High-Level Dialogue clearly demonstrated that UNCTAD would continue to be a forum of debate of intellectual integrity and independence. It also demonstrated and that the organization was able to have an ample and complex vision of trade and development. His Group would be seeking to preserve UNCTAD's role as a unique forum for the comprehensive treatment of the problems that afflicted developing countries, as well as enriching the proceedings of UNCTAD XII.

10. The representative of **Angola**, speaking on behalf of the **African Group**, emphasized that there needed to be a revitalized policy dialogue in UNCTAD on

globalization, commodity trade and development. With regard to commodity trade, recent commodity market trends had once again brought to the fore the critical nexus between commodity trade and development prospects, poverty reduction, and international peace and security. Only through international dialogue and cooperation could the problems of commodity trade be addressed in a win-win manner for both consuming and producing countries.

11. Trade in primary commodities, both agricultural and mineral, was of vital importance to both exporting and importing countries. Industrialized and rapidly industrializing economies needed predictable and assured access, through trade, to sustainable supplies of minerals and metals. They also needed agricultural raw materials and foodstuffs in order to maintain and fuel their industrial growth and to satisfy the consumption demands of their populations in a manner commensurate with high and rising standards of living. However, despite the current respite for some commodities in relation to the downward trajectory of prices, the share of Africa in international trade continued to fall, in parallel with the continued decline of African agricultural commodity prices in real terms. It was therefore vital for Africa that issues relating to commodities be urgently and adequately addressed at the multilateral level. In this context, both Africa and the international community should address the key issues identified in the Arusha Declaration and Plan of Action on African Commodities, adopted by Ministers of Trade of the States Members of the African Union in November 2005.

12. Trade and development problems relating to commodities remained as relevant today as they had been 30 years before. There was therefore an urgent need to refocus work in UNCTAD on commodities in the period up until UNCTAD XII. Under the theme of “globalization, commodity trade and development”, UNCTAD could make a major contribution on commodity issues through the three main pillars of its work.

13. The representative of **Pakistan** said that elements for revitalizing UNCTAD should include: preserving the intellectual independence of UNCTAD's research and analytical work; enhancing UNCTAD's development orientation; strengthening the consensus-building pillar, through concrete, negotiated outcomes; enhancing the impact of the research and analysis and the consensus building pillars through provision of practical solutions, policy options, codes of conduct and soft law; contributing substantively to the follow-up to major UN conferences; promoting systemic coherence through enhanced interaction with other institutions of global economic governance; providing demand-driven technical assistance; contributing to South-South Cooperation; contributing to the development-oriented elaboration of concepts like policy space, corporate social responsibility and the new geography of international trade; continuing to provide development impact assessments of recent trends and norm setting; contributing substantively to emerging global initiatives like the Aid for Trade initiative; initiating and maintaining interaction with other institutions in and outside the UN system at the regional and subregional levels; strengthening research and analytical work on macroeconomic issues such as debt sustainability, development financing and aid effectiveness; improving dissemination of research and analytical work, for example through a Geneva-based annual development dialogue; and providing substantive negotiated inputs to the work of the General Assembly.

President's summary

14. The discussion stressed the importance of UNCTAD in the context of UN reform. The UN reform process should make sure that the core competencies of each organization

were maintained. UNCTAD, as the focal point within the UN for the interrelated issues of trade, investment and development, should continue in its core mandate and mission.

15. The fundamental role of the UN in the development process was stressed by a number of delegations. One delegation argued that the Secretary-General's agenda for reform focused disproportionately on the security challenge, rather than on the global development agenda. The development agenda should also be seen in a wider context than just the Millennium Development Goals.

16. However, delegates noted that UNCTAD's mandate was not in question. UN reform, and by extension reform of UNCTAD, aimed not at diminishing work on development, but at revitalizing that work and making it more agile, efficient and relevant to the needs of developing countries. It was the delivery of the development mandate that must adapt to changing times, rather than the core mission.

17. UNCTAD renewed its mandate every four years, and intergovernmental meetings offered several other opportunities to guide UNCTAD's work. There were, however, questions as to the efficiency of UNCTAD's methods; it needed to make better use of its comparative advantage and its resources, with a view to translating them into practical solutions to practical problems at the ground level. In this context, one delegate urged an impact assessment of UNCTAD's technical assistance.

18. Several delegates said that the interconnection between UNCTAD's three pillars should be strengthened, and UNCTAD's unique development perspective and integrated approach to trade, development and related issues should be preserved. For one delegate, UNCTAD was the only institution where LDCs could make their voices heard. While UNCTAD had lost some of its role in the international arena, member States wanted it to regain its position. Research and analysis in UNCTAD should continue providing an alternative perspective as long as it was relevant and well founded, UNCTAD should continue being a meeting place for substantive dialogue and should restore the authority of that dialogue, and it must consolidate its technical assistance and increase its coherence in terms of its strategic priorities.

19. Other delegates said that UNCTAD had a leading role to play in enhancing the coherence of global economic processes and that it must help level the playing field for developing countries. The field of trade and development was getting crowded as a result of the involvement of other UN agencies, but UNCTAD remained the most competent forum for addressing the development perspective. The Secretary-General of UNCTAD had said that an inter-agency compact, as recommended by the Panel of Eminent Persons, was crucial to managing the encroachment of other bodies on UNCTAD's mandate; delegates should also reiterate the importance of preserving UNCTAD's mandate on development in their dealings with their capitals, in New York, and in other international fora.

20. The need for reform in UNCTAD was evident, and the report of the Panel of Eminent Persons had several important recommendations that would serve as a good basis for future intergovernmental discussions on the issue. It was an uncompromising report that should be widely distributed. Several delegates said that their countries were willing to engage in discussions on its recommendations, and they asked the secretariat to express its opinion on the recommendations of the report in order to better inform the discussions. One delegate said that each recommendation must be submitted to a "development audit" in order to assess the usefulness of the recommendation with respect to enhancing the development

mission of UNCTAD. In this context, there needed to be intergovernmental consensus on each recommendation. They also pointed out, in the context of the recommendations of the Panel Report, that another report on UNCTAD reform had been prepared by the South Centre, and this should also be taken into account in further discussions.

21. One of the keynote speakers remarked that, for UNCTAD's reform to be successful, there must be faith in and commitment to the institution, as well as recognition of UNCTAD's achievements. UNCTAD had made historic contributions to advancing the global discourse on development. A positive engagement between developing countries and their development partners would demonstrate the political will of all. Once more, delegates welcomed the courage of UNCTAD's Secretary-General in launching this process and expressed trust in his leadership.

22. Regarding consensus building, the intergovernmental machinery must allow a frank exchange of ideas that would lead to policy-oriented outcomes with a view to having a real influence on the political discussions in the General Assembly and ECOSOC, as well as on the follow-up to major international conferences on development. UNCTAD should catalyze action on comprehensive development work, including in other fora. Member States should ensure that the three tiers of the intergovernmental machinery – Expert Meetings, Commissions, and the Trade Development Board – build on each other to that end. In addition, the work of UNCTAD should be enriched by increased interaction with civil society and the private sector.

23. Several delegates hoped that the expected agreed outcomes of the Mid-term Review would provide clear guidance on the work remaining until UNCTAD XII and provide inputs to the preparation of topics for that next conference. One delegate was encouraged to note that speakers during the Mid-term Review had supported UNCTAD's mandate on finance and suggested that it be revitalized, including by addressing in UNCTAD's work the issue of the international financial architecture and of the development potential of migrants' remittances and of domestic savings. Another delegate said that UNCTAD must respond to the challenge of economic interdependence. UNCTAD's contribution to the resumption of the Doha round of negotiations and to Aid for Trade would help countries benefit more from globalization while minimizing the costs.

24. One delegate said that LDCs, particularly in Africa, seemed to have been left by the wayside. For example, the tragedy of refugees and of illegal migration was rarely spoken about, as if the people affected lived on a distant planet. How could LDCs make the international community aware and help them look for solutions? One of the keynote speakers said that this lay at the heart of the debate on UNCTAD and the UN reform. The core reason for the poverty and despair that gave rise to population movements was a lack of integrated development, decent work and opportunities. LDCs could not embrace liberalization if they were not helped to deal with its consequences. And while laws prohibiting illegal immigration showed that this issue also affected developed countries, they would not curb the problem. Aid for Trade promised to be a good way of addressing the problems of globalization. UNCTAD could help developing countries optimize the benefits of globalization by offering them the tools to develop their capacities, human resources and skills. When developing countries benefited, developed countries would too.

25. One delegate said that the discussions on reform of UNCTAD should also deal with the issue of scheduling of meetings; future intergovernmental meetings should avoid overlapping with other processes in Geneva in order to increase participation.