



## United Nations Conference on Trade and Development

Distr.: General  
15 November 2011

Original: English

---

### Thirteenth session

Doha, Qatar  
21–26 April 2012

## Draft President's negotiating text for UNCTAD XIII

Geneva, 15 November 2011

### I. From Accra to Doha

1. In the period since UNCTAD XII in Accra in 2008, there have been dramatic changes in the global economy. At the same time, some trends continued. These changes and trends have exposed a series of closely interconnected economic and social imbalances that are hampering progress towards inclusive and sustainable development. How policymakers respond to these imbalances will shape development prospects over the coming years.
2. Time is ripe, therefore, to seize the opportunity to make a difference and to apply the lessons learned from the crisis and build a new partnership for a better future. UNCTAD XIII is an important step in beginning anew and rethinking development policy. The way forward in achieving development-centred globalization lies in an approach anchored in inclusive and constructive dialogue and concerted effort.
3. This positive spirit is critical, as new beginnings and new approaches require new ideas. UNCTAD's role as an incubator of ideas depends on a willingness across all countries to engage constructively so that it can continue to be an important forum for discussing and reflecting on fresh ideas, and that those ideas may then contribute towards more concrete work in other forums.
4. The foundations for this in UNCTAD are strong. The Accra Accord was in the best traditions of UNCTAD of being ahead of the curve, and pursuing a constructive approach to development anchored on the three pillars of policy analysis, consensus-building and technical cooperation. The outcomes of UNCTAD XII remain valid, and this Conference reaffirms them. Yet, as the world has moved on, so must UNCTAD. This Conference therefore, builds on Accra, and updates it in order for UNCTAD to continue strengthening its development role and impact.
5. There are many challenges. Some are new and emerging. Others are persistent and attempted solutions have proven to be frustratingly ineffective. Yet, beyond the bleak landscape that currently manifests itself, lies the potential of a stronger global economy that would lead to new partnerships to nurture sustainable and inclusive development.

6. The financial crisis which struck shortly after the Accra Conference ushered in the first contraction in the global economy since the 1930s. Although it originated in the advanced countries, it spread very rapidly through adverse movements in financial flows, trade and investment. The world's poorest countries were not spared. Despite the coordinated policy efforts of leading economies, both developed and developing, the global economy remains fragile. Indeed, the crisis demonstrated that all countries, developed and developing alike, can pay serious political, economic and social costs as a result of excessive debt, inadequate liquidity and insufficient policy space. The scale, reach and persistence of the crisis therefore call for rethinking the principles, values and attendant sound policy measures, at the national, regional and the international levels, that will promote vibrant and sustainable economic activity and inclusive development paths.

7. The second challenge, potentially more menacing, is to feed the world's growing population. Sharply rising food prices raised the issues of hunger and food insecurity during Accra and have since been a source of serious social and political unrest in a number of countries. The volatility of food prices along a rising trend reflects both fundamental economic forces and the increasing financialization of commodity markets. Greater price stability for foodstuffs is an essential component of food security. However, the underlying challenge is bolstering agricultural development and food distribution and increasing yields through higher levels of investment and widely shared technological progress.

8. A third challenge has arisen around energy price hikes which, in a similar fashion, raise the issue of energy insecurity. The bulk of energy infrastructure has yet to be built in many developing countries, leaving energy services undersupplied and expensive, with an estimated 2 billion people without access to modern energy services. Filling this gap is essential for building inclusive development paths.

9. The fourth potentially devastating challenge is climate change. The urgency of tackling this problem is underscored by the continuing rise in greenhouse gas emissions. The impact of warming temperatures has already been felt in some developing countries, with an estimated 300 million people already vulnerable to a changing climate. The related threats from natural disasters, not all of which are linked to climate change, are adding to concerns about growing environmental insecurity in all countries, in particular in the poorest countries and communities. These challenges have implications for finance, investment, trade and development.

10. One trend that has come into much sharper focus since the financial crisis has been the rising level of inequality in developed and developing countries alike. This poses a direct challenge to inclusive and sustainable development. It also undermines the trust and sense of togetherness, which are essential to cooperative solutions, particularly at the global level.

11. In isolation, these threats pose difficult challenges for policymakers. However, what has become increasingly apparent since the Accra Conference is that these threats are closely interconnected. Instability in one location or market quickly spreads to others. That highlights the importance of effective governance, at all levels, to meet the challenges of an interconnected world.

12. If these imbalances persist and the economic recovery remains fragile, there is a real threat of a political backlash that may wipe out the benefits of a more open global economy and even roll back the achievements of economic integration. The burden of reversing international economic integration would undoubtedly be heaviest on those least able to afford it, but the damage would be felt across all countries and communities.

13. Avoiding a backlash against globalization and finding lasting solutions to the imbalances that threaten sustainable and inclusive development will require collective measures and actions, at the national, regional and international levels. The international

community must establish the principles, partnerships and priorities of a development-centred globalization. Doing so can mark a new beginning for multilateralism in general and development cooperation in particular.

## II. Development-centred globalization: Towards inclusive and sustainable growth and development

14. Globalization describes the growing interdependence of nations through increased cross-border trade, capital, technology and information flows. The lowering of economic, technical, geographic and cultural barriers has been a long-standing feature of human progress. How these elements are combined and their impact on development prospects have, however, changed over time. In recent years, the benefits, risks and challenges associated with globalization have been closely linked to the rapid expansion of international financial markets.

15. The growing influence of financial markets is one of the main reasons why the pattern of growth and development has, in recent years and in many countries, been neither inclusive nor sustainable.

16. Development-centred globalization implies not just a break with the recent past, but the adoption of more *innovative* approaches to development strategy. Business as usual is not an option if the global economy is to be rebalanced in a manner that is timely, sustainable and fair. Innovative approaches must be tailored to local needs and circumstances and ensure policymakers that they have the space to discover what works effectively, given peculiar circumstances.

17. Innovative approaches should also be *inclusive* and designed to meet human needs. Above all, this implies putting ends before means. People everywhere largely have similar basic needs and aspirations, including a decent occupation, a secure home, a safe environment, a better future for their children and a government that listens and responds to their concerns. Since these ends are closely interconnected, the design of appropriate development strategies should adopt an *integrated* approach. A clear picture cannot emerge if financial markets are examined separately from trade or production, the workings of the macroeconomy from the behaviour of firms and households, or the economic from the social and environmental spheres.

18. These three principles will have to be carried forward by new development partnerships. However, these partnerships must rely not only on market norms and behaviour, but also on discussion, if they are to achieve the desired outcome and forge a strong sense of trust and solidarity among those involved.

19. At the domestic level, the role of the State remains key to establishing appropriate development partnerships that bring together the private and public sectors, small-, medium- and large-scale enterprises, lenders and borrowers, domestic and foreign producers, etc. To do so, States must forge a coherent developmental vision and build a strong compact with different social groups.

20. The twenty-first century developmental State should be viewed as a pragmatic and proactive player as well as an enabler and a complement to the private sector. Just as experience has shown that government-directed development policy without consideration of market forces can lead to inefficiency and misallocation of resources, so have we learnt in recent years that if governments do not provide an adequately regulated enabling environment, then those same forces can produce considerable economic and social damage, and even undermine the sovereignty of a nation State.

21. Successful States have built their competencies through structures of consultations, accountability and learning, through effective public–private partnerships and through transparent regulatory and supervisory bodies. These have helped to create a predictable economic environment with secure property rights, a prominent role for market competition and a pro-investment stance, including in human capital. The most successful countries have also adopted growth-enhancing strategies, which have included active State support for mobilizing and appropriately directing resources, setting clear performance criteria for the recipients of State support, enhancing dialogue with local stakeholders and establishing the space to consider alternative policy options in line with local needs and capacities.

22. National partnerships help to establish and implement the policy priorities for inclusive and sustainable development. Raising *investment* levels is a principal task for policymakers because it is essential for building productive capacities and promises expansionary outcomes. While a focus on investment implies attention to mobilizing domestic resources, including for the public sector, it also serves as a reminder that affordable and reliable sources of external financing remain a constraint on growth and development in many developing countries, particularly the least developed.

23. *Industrialization* remains a priority for most developing countries because it engenders structural change and generates mutually supportive linkages between investment, productivity, employment and incomes. These linkages are not fixed. Policymakers must remain alert to the problems that can accompany structural changes and should be aware of new opportunities and challenges, particularly in the context of global value chains. Moreover, economic diversification is not just about industrial development. Policymakers need also to focus on the linkages within and across sectors including in the rural economy, which remains key to sustainable and inclusive outcomes in many countries, particularly in LDCs.

24. Rapid economic growth can make the adjustments associated with structural change easier to manage. However, an exclusive focus on growth is unlikely to realize inclusive outcomes. A strong social contract is needed which can keep *inequality* within acceptable limits, including between men and women, and across national regions. Such a contract is also the basis for providing appropriate levels of protection against shocks and crises that often accompany rapid growth and progression towards a more open and integrated economy.

25. Given that development is first and foremost a national project, developing countries recognize that they have the primary responsibility to raise the living standards and to increase the security of all their peoples. However, in an increasingly interconnected world, those efforts can be impaired or augmented depending on the strength and purpose of international support and cooperation. Striking the right balance between international obligations and commitments and the provision of adequate policy space to pursue those goals is an ongoing challenge in a globalizing world.

26. Rebalancing the world economy and accelerating development for all will only be possible in a growing world economy. At the international level, partnerships among States are essential for establishing lasting solutions that are expansionary and inclusive. Stronger partnerships are also important for dealing with the emerging threats and challenges that accompany an increasingly interdependent world, as well as taking full advantage of the opportunities that present themselves.

27. Strengthening traditional development partnerships in support of inclusive and sustainable outcomes will require a steadily strengthening voice for developing countries in the institutions responsible for global governance. New partnerships in support of these outcomes, however, are also emerging at the regional and interregional levels, including through South–South integration and cooperation. These partnerships are not a substitute

for needed reforms to the enabling international environment. However, they can certainly help to promote the judicious mixture of market forces, active policies and development cooperation, which is needed to rebalance the global economy and establish sustainable and inclusive development paths.

### **III. Unrealized potentials**

#### **A. Enhancing the enabling economic environment at all levels in support of inclusive and sustainable development**

28. Most developing countries have, over the past three decades, increased their integration into the global economy. They have done this against a backdrop of erratic global growth, an increased incidence of economic crises and widening income and wealth gaps within and across countries.

29. Financial deregulation, particularly since the 1990s, has encouraged a sharp increase in private capital flows. These have often been strongly pro-cyclical, speculative in nature and linked to financial “innovations” that are elusive to regulation and supervision detached from productive activities in the real sector of the economy. The recent financial crisis has served as a reminder that a re-regulation is warranted in order to reinstate albeit suitably adopted regulation and supervision a proper balance between the financial markets and other parts of the economy.

30. In the light of these developments, there is an urgent need for a substantive reform of the international financial and economic architecture to better enable it to prevent financial and economic malfunctions, effectively promote development and serve the needs of member States equitably, particularly of developing countries.

31. The multilateral system as a whole must adopt a new development approach that promotes inclusive and sustainable development. This calls for greater cooperation and coherence between trade, monetary, financial, social and environmental institutions to target an approach to development based on equity, social inclusion, human development and environmental sustainability.

32. Strong and sustained economic growth is largely fostered by a thriving private sector with a high propensity to reinvest its profits productively and by strong international trade flows. These need an enabling environment in order to develop their full potential and dynamism. Among other things, an enabling economic environment requires an efficient financial and economic policy framework, sound and transparent public finance management, a fair and efficient taxation system and a corporate environment that enables entrepreneurship.

33. The reform agenda in the wake of the global financial and economic crisis has advanced slowly and remains incomplete. The risk of new crises erupting remains high. In a highly integrated world economy, such crises are no longer limited to specific segments of the financial system or specific countries or regions. Even if recent crises have their origins in the developed economies, in the absence of systemic reform, developing countries have been and will continue to be affected.

34. The world economy continues to be faced with fundamental challenges, such as eliminating poverty and the transition to more climate-friendly methods of production and consumption. These require a stable macroeconomic environment that favours appropriate levels of investment in real productive capacity. It remains therefore imperative for the international community to address the unfinished elements in the global reform agenda more vigorously than has been the case so far.

35. Recent debate on the reform of the international monetary system has addressed mainly the symptoms of incoherence rather than the core underlying problems. In particular, the systemic weaknesses of the existing foreign exchange regimes reflect a high degree of disconnect between financial market behaviour and macroeconomic fundamentals. This is a source of unsustainable current-account imbalances, distortions in international factor allocation, domestic financial instability and additional uncertainty for all actors engaged in international trade. Rather than being governed by comparative advantages, trade and investment flows are frequently distorted by unstable and misaligned exchange rates, with little relation to the underlying economic foundations. The effects often tend to be analogous to those of changes in tariff rates.

36. A development-oriented trading system, in which trade serves as a real engine of inclusive growth, requires an open, non-discriminatory, equitable and rules-based multilateral trading system. However, the effective and equitable integration of developing countries, least developed countries and countries with economies in transition into the multilateral trading system is yet to be achieved. In turbulent economic times, trade protectionism remains a risk, and an immediate challenge is therefore to achieve a strengthened and sustained inclusive and resilient multilateral trading system.

37. There is an urgent need for greater coherence between the international trading and financial systems.

38. In the current “system”, individual countries seek temporary and pragmatic solutions to avoid currency misalignment. These include unilateral intervention in the currency markets and capital controls, or the taxation of temporary, short-term inflows. However, a better design of the global monetary system should go beyond stopgap measures. Systematic measures are needed to prevent the actions of private financial actors, which are often speculative and prone to herding, from dominating the determination of exchange rates and other macroeconomic variables. Authorities must take the necessary measures to discourage short-term destabilizing capital flows and to ensure that deviations of exchange rates from fundamentals are minimal and short-lived.

39. Commodity prices are again at the top of the development agenda. The boom between 2002 and 2008 was the most pronounced of the post-World War II period and appears to have been reversed only briefly following the occurrence of the current global crisis. Since the summer of 2010, the prices of global commodities, including some agricultural products, have resumed their upward trend and some hit new peaks in mid-2011.

40. The price boom has improved the situation of commodity-exporting countries and revived the potential role of commodity revenues in contributing to economic growth and poverty reduction. However, some long-standing challenges remain, including the generation of surplus for sustained growth, diversification and poverty reduction.

41. Since 2008, high and volatile food and energy prices have affected the livelihoods of hundreds of millions of poor citizens, especially in developing economies. A major factor in price movements has been the growing participation of financial investors in commodity trading for purely financial motives – the “financialization of commodity trading” – and subject to a more speculative logic. This issue requires careful analysis, comprehensive and appropriate policies and urgent action.

42. A key challenge for policymakers is to identify innovative and coherent policies at national, regional and international levels to reduce the volatility of commodity prices. Serious efforts are needed to enhance cooperation between producers and consumers, increase transparency, tighten regulation of financial market participants and give market overseers the instruments to contain the influence of excessive speculation on prices.

43. Debt sustainability plays an important role in ensuring and fostering sustainable economic development. Prior to the onset of the global financial and economic crisis in September 2008, many developing countries had managed to sharply reduce their overall debt-to-gross domestic product (GDP) ratio and also made progress towards altering the composition of their public debt by borrowing relatively more domestically, shift to concessional borrowing.

44. The global financial and economic crisis and the “Great Recession” have caused a significant deterioration in public sector accounts as private deleveraging forced governments to step in to stabilize the financial system and the real economy. In some developing countries, fiscal accounts were also strongly affected by commodity price volatility and higher interest rate spreads on public debt. Those developing countries that had started to accumulate external reserves, mostly combined with current account surpluses, had the fiscal space to respond to the global recession with countercyclical policies. However, many low-income countries still have little fiscal space and a number of African and least developed countries are still in debt distress.

45. Steps must be taken to mitigate and reduce the cost of financial and economic crises in developing countries, which are particularly adverse to the vulnerable social groups. New approaches are needed to external debt management, debt crisis prevention and resolution. Putting mechanisms in place to prevent such events should be a priority item on the international agenda. The prevalence and cost of financial crises can be reduced by national and international regulation and supervision aimed at reducing excessive risk-taking.

46. Principles of responsible sovereign lending and borrowing can play an important part in efforts to obviate the frequent and severe financial and economic crises, and promote financial stability and economic development. In tandem with ongoing efforts to enhance regulation and supervision of financial markets, these principles can lead to introducing norms and best practices for sovereign lending and borrowing. Orderly debt workout procedures, which should help countries facing difficulties in servicing their obligations and provide mechanisms to facilitate an equitable and prompt restructuring of debt when required, merit further attention as part of a strengthened multilateral debt architecture.

47. Official development assistance (ODA) continues to provide an important source of assistance and financing for many developing countries, especially those with restricted financial markets, particularly given pursuit of the Millennium Development Goals (MDGs). Budgetary constraints in the advanced economies should not lead to ODA reductions. Rolling back assistance commitments and retreating from global solidarity, when many developing countries are still being hit by large external shocks, is a nearsighted policy. Donors should continue to aim to increase ODA contributions to the 0.7 per cent of gross national income (GNI) target, as reaffirmed at the Millennium Summit.

48. Reforms to the international economic architecture can only aim to complement and support domestic efforts to achieve more satisfactory outcomes for employment creation and poverty reduction. This requires enhancing domestic demand as an engine of growth. Strategies of export-led growth that are based on wage compression could make countries overly dependent on foreign demand growth. Moreover, not all countries can successfully pursue this strategy simultaneously.

49. A promising strategy for rapid employment generation would ensure that the productivity gains from investment are distributed between labour and capital in a way that boosts domestic demand. In such a policy framework, labour markets are generally appropriately regulated and real interest rates are kept low, thereby providing favourable financing conditions for investment in fixed capital. While the prevention of high inflation

rate is undoubtedly important, monetary and fiscal policy must also promote employment creation by encouraging fixed investment.

50. Increasing labour income in line with productivity further supports investment and can also promote further gains in productivity by encouraging innovation. It is the experience and expectation of rising demand, rather than a reduction in unit labour costs, which drives investment in new or enhanced productive capacity. Such investment is a precondition, in many developing countries, for the absorption of surplus labour into new productive activities. Improving people's ability to actively participate and benefit from wealth creation, as well as boosting employment creation, are critical for effective poverty-reduction.

51. In addition to policies covering wages and formal employment, measures are also needed to address the needs of informal workers, unemployed people and pensioners. Such measures have proved to be important tools for improving the livelihoods of marginalized or vulnerable social groups.

52. In the midst of the recent financial and economic crisis, many governments have used countercyclical fiscal policy to stabilize aggregate demand, as reflected in the unprecedented stabilization packages that were launched as a response to the crisis. The principles underlying these policy decisions could serve as a basis for a revised approach to fiscal policy.

53. Regional cooperation can support national development strategies, reduce external vulnerabilities and, in some cases, fill existing gaps in the global economic governance system. By deepening economic integration, mutual benefits can ensue for economies within a geographic region.

54. In addition to expanding intraregional and interregional trade, developing countries should also investigate innovative areas of policymaking at the regional level that could support diversification of their economies. This could, for example, take the form of industrial projects and common undertakings in research and development, knowledge generation and information dissemination.

55. The past few years have seen an increased interest in financial and monetary cooperation among developing countries as one way to better manage private international capital flows, especially for coping with the risks from speculative short-term flows.

56. In addition to providing an effective defence mechanism against shocks and contagion, regional monetary and financial cooperation can also promote and accelerate development. This can take various forms and rely on different instruments, including the provision of long-term financing to participating countries through regional development banks and the creation of regional capital markets, as well as the use of domestic currencies and regional clearing mechanisms to facilitate intraregional trade payments and short-term financing for countries facing balance-of-payments problems. Moreover, regional arrangement for exchange-rate management among member countries can be an important element in the process of creating a common market.

57. The gravity of the current state of the global economy makes it essential that an intensified policy dialogue on pending reforms continues. Global realities can still provoke a retreat into protectionism and economic unilateralism. Consequently, responses going to the core of the issues and attempts to forge a new consensus putting development, convergence and stability as the overriding goals of cooperation are urgently needed. They should aim to advance understanding of the downside risks arising from unregulated financial markets and the exclusion of large parts of society from participation in the proceeds of economic growth. The task is to create an enabling environment that can sustain growth and development in light of the big challenges that are posed by the twenty-



first century. Moreover, the reform of the global economic system should also provide the policy space necessary for developing countries to pursue nationally owned and integrated development policies that will, in turn, lead to a more effective global partnership for development.

## **B. Promoting investment, trade, entrepreneurship and related development policies to foster sustained economic growth for sustainable and inclusive development**

58. At the national level, strategies in support of development-centred globalization will require that deeper internal integration – through strong linkages across domestic markets, firms and sectors – is complemented and supported by external integration, through increased trade, foreign direct investment (FDI), capital flows and technology transfer. A successful balance between internal and external integration will depend on the contribution toward mobilizing resources for building productive capacities, the opportunities for economic diversification, job creation and technological upgrading, and the resilience of the economy to unforeseen shocks.

59. The mobilization of resources – domestic and international – is crucial for development. Private investment and entrepreneurship, with the support of local financial institutions, is the driving force behind sustainable national development and structural transformation in most countries. However, for many developing countries, public investment plays a critical role, particularly in creating jobs and providing infrastructure for transport, telecommunications and utilities, and can also act to stimulate private investment. FDI also plays a key role in promoting economic growth and development, including through raising productivity, the transfer of technology, skills and managerial know-how, improved access to markets, as well as developing infrastructure.

60. Building productive capacity is key to fostering sustained accelerated growth rates and inclusive development. Productive capacity can be expanded through a balanced policy approach, which mixes incentives and policies to encourage meaningful investments, by the private and public sectors in education, training, health and nutrition, and in research and development that helps to build the stock of knowledge. Appropriate measures are also required to ensure sustainable development by steering investment towards the conservation and preservation of the natural environment.

61. Structural transformation is a key element in promoting economic diversification, improving international competitiveness and realizing more sustainable and inclusive outcomes. Most successful countries have diversified their economies as they move up the income ladder, both by shifting resources from low to high productive sectors and by increasing specialization within sectors. Such diversification has been closely linked to improving employment conditions and bolstering economic resilience to external shocks. The development policy challenges increase considerably as the production process becomes more scale- and knowledge-intensive, since the technological and organizational capabilities required to compete internationally become more costly to acquire and more difficult to master.

62. In recent years, several developing economies have undergone a significant structural transformation, moving away from primary commodities to producing more skill- and technology-intensive manufactures and services. This form of diversification has in a number of cases been supported by a gradual integration of developing economies, particularly in Asia, into global supply chains (GSCs). Many commodity-dependent economies, particularly those in Africa, have been unable to build a more diversified economy. But also some middle-income economies have found it difficult to diversify away

from low value added manufacturing activities. Structural transformation of these economies is essential for their economic sustainability and for reducing their vulnerability to external demand or price shocks. Development of the services sector can promote the diversification of economies, income generation, export creation and employment as well as contributing to general economic and social development. This sector also shows relative crisis resilience in terms of domestic output and international trade.

63. Developing countries need to promote policies that support the competitiveness of their enterprises in order to allow them to achieve economies of scale and take advantage of international market opportunities, including the ability to compete at national, regional and international levels. Supporting enterprise competitiveness requires market-enhancing reforms as well as regulatory frameworks to monitor the operations of the market, including through the design and enforcement of competition and consumer policies and laws, enterprise development and business linkages programmes, and related agencies that can promote the needs of business in particular sectors. Developing countries need competitive firms that are able to take advantage of export opportunities and national policies that can, in particular, improve access to finance and other resources, for small and medium enterprises.

64. Industrial policies – including promoting the expansion of those firms, sectors and activities with the greatest potential for generating economies of scale, upgrading skills and raising productivity – have an important role to play in establishing dynamic and sustainable development paths. The challenge of industrial policy is likely to take on even more importance as efforts step up to create a low-carbon future for which policies focused on specific sectors – particularly energy, transport and extractive industries – will be critical.

65. However, unless industrial policies are complemented with other policies, including supportive macroeconomic, investment, enterprise development and competition policies, they might not produce the desired outcomes or introduce further distortions. Macroeconomic policies, including exchange rate and interest rate policies, will have a strong bearing on the pace and direction of structural changes in many developing countries. Moreover, if markets are too small or competition in input markets is distorted, this will lead to an increase in production costs, thereby decreasing the competitiveness of domestic producers. Therefore, coherence among industrial, investment, enterprise development, competition and other government policies is crucial.

66. Building productive capacities in support of strong, sustainable and inclusive development will, in most developing countries, require close and mutually supportive links with the international economy through increased international trade, with a range of potential benefits in terms of efficiency gains, falling input costs and rising productivity. These links tend to evolve with the growing sophistication and size of domestic firms. In many countries, these benefits depend on competitive dynamics within global value chains. As a result, to achieve greater participation in international trade, developing countries need to make greater use of FDI that is in line with their own development objectives and strategies, and contributes to technology transfer and the training of a skilled workforce. A persistent challenge in this regard is the issue of enhancing the development impact of foreign investment including through its contribution to job creation. National capacities of developing countries should be strengthened in investment projects.

67. FDI requires a transparent, stable and predictable and potentially gainful investment climate. Among the components of an enabling environment are (a) strong legal and regulatory frameworks; (b) consistent enforcement of contracts and effective dispute mechanisms; (c) fair and equitable treatment; (d) robust intellectual property protections; (e) efficient means of establishing, operating and disposing of enterprises; and (f) effective recourse for investors.

68. Intellectual property rights are a source of rents. These are justifiable to the extent that the benefits, in terms of encouraging real innovation outweigh the costs in terms of higher prices and restricted access and there are clear limits to the time they are in place. The current global intellectual property framework has tended to skew research and development towards technologies offering high market returns, particularly in the advanced countries, instead of those offering the greatest social benefits or addressing the needs of developing countries. There have also been efforts to strengthen safeguards and flexibilities contained in the global intellectual property regime, notably through parallel import arrangements and compulsory licensing.

69. There is a general recognition that economic growth is not sufficient to ensure inclusive and sustainable development outcomes. The key to inclusive development lies in the institutional and policy links which ensure that growth promotes social development, while social development supports economic growth. The MDGs have added poverty, employment and social objectives to the international policy agenda, and have indicated the need for a significant scaling-up of resources to finance new investments in social infrastructure and safety nets, along with the formation of new partnerships to accelerate progress on human development. Moving the development agenda beyond the 2015 deadline will need to find new and more inclusive ways to reconnect the MDGs to the task of building productive capacities.

**C. Addressing persistent and emerging development challenges as related to their implications for trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development**

70. The world economy faces a series of persistent and emerging challenges to sound inclusive and sustained economic growth. Widening inequality and menacing food insecurity are among the persistent issues that have surfaced with the financial and economic crisis. These, together with new emerging challenges, such as global warming, threaten ambitions of widely shared prosperity and security. The current economic situation calls for the implementation of policies and actions that address these challenges so that we can move towards strong, inclusive and development-centred globalization.

71. There is, however, no universal blueprint for achieving inclusive and sustainable development goals. The institutions and policies required have to be tailored to local capabilities, conditions and needs. Development is a challenging process of self-discovery for each nation. An integrated approach to development policy in an interdependent and open world economy is required to assist policymakers, at the national, regional and international levels, and especially in the least developed and most vulnerable countries, to identify appropriate responses to these challenges in the areas of trade, finance, technology, investment and strong, inclusive and sustainable development.

72. In order to maximize the potential gains from trade and direct them towards inclusive development, developing countries require not just a rules-based international trading system, both under the World Trade Organization (WTO) and regional/bilateral preferential trade agreements, but the support and the space to use policy instruments to promote capital formation and economic diversification and to manage the adjustments that these imply.

73. There has been an important shift in the trade agenda, away from a focus on tariffs to non-tariff measures, especially involving such technically complex areas as technical barriers to trade, sanitary/phytosanitary regulations and conflicting Rules of Origin. These – together with new trade policy issues related to the green economy, food security and gender balance – are beginning to define a new international trade agenda which, for the

moment, is mostly concentrated in the negotiations of a new generation of regional/bilateral preferential trade agreements.

74. Regulatory issues have become prominent in trade in services. Recent regulatory failures, including those in financial markets, highlight the importance of adequate regulatory and institutional frameworks in services and the potentially high economic and social costs of their absence. Furthermore, although in recent years the private sector has emerged as an important provider of infrastructure services, governments continue to play an essential role as service providers and regulators of infrastructure services. Strengthened regulation and supervision by governments have thus become imperative.

75. More generally, one of the objectives of competition policy is to create and maintain a competitive environment, both internally by eliminating anti-competitive practices and externally through a level playing field for new entrants. Competition makes products affordable and choice available to all firms and households, particularly the poor sections of the population. Therefore, trade and competition policies should be coherent in order to achieve inclusive economic and social development goals.

76. The proliferation of regional trade agreements (RTAs) has complicated the rules of the global trading system. Preference margins have been eroded over time, particularly where countries enter RTAs to avoid negative discrimination rather to secure preferential market access. Moreover, there are an increasing number of agreements that include deeper provisions on non-tariff measures, as well as WTO-plus and WTO-extra openings in services trade, government procurement rules, competition policy regulations, environmental and labour standards, and more restrictive disciplines on trade-related investment performance measures. In order to preserve and strengthen coherence between the multilateral trading system and the RTAs, systemic coherence among all countries going beyond trade liberalization should be promoted.

77. RTAs have often been linked to the spread of GSCs in promoting international trade. GSCs have created new opportunities for many developing countries, including in dynamic products, but they also come with potential costs linked to the dominant position within these chains of large and powerful transnational corporations (TNCs) as lead firms.

78. International trade offers opportunities for women's empowerment through employment in the export sectors, the production of cash crops and the creation of new businesses by women entrepreneurs. However, trade can also have a negative impact on women if it disrupts economic sectors and markets where they were active, or if it creates mainly temporary or seasonal low-paid jobs with few opportunities for training and promotion, and limited or no social security provisions. The opening to international markets requires adaptation at several levels, but women are often less able to adapt than men due to gender biases in education and training, gender inequalities in the distribution of income and command over resources and entrenched inequalities in the distribution of household tasks, which translate into gender differences in occupational distribution and earning potential. Tackling these biases is key to accelerated inclusive growth rates and development in all countries.

79. Many of the persistent and emerging challenges facing the international community cannot be addressed in a sustained and sustainable manner without building a strong science, technology and innovation (STI) capacity. STI capacity-building involves building the technical, vocational, engineering, entrepreneurial, managerial and scientific capacity to address each country's pressing social and economic problems, transform their societies, and have a positive impact on the standards of living and quality of life of ordinary people. It should therefore be an essential element of every country's strategy for reducing poverty. As a central feature of their development strategies, governments in developing countries

should consider formulating and implementing STI policies aimed at encouraging the generation, diffusion and application of science and technology.

80. At the same time, firms in developing countries, in particular the small and medium-sized ones in the least developed countries, cannot succeed in technological upgrading without access to the full range of available technologies and the learning opportunities that these carry. In particular, technology transfer through a variety of channels – including but not limited to market channels such as trade, licensing and FDI – has played an important role in the upgrading of the technological base of some developing countries. For many other countries, however, market-driven technology transfer has not taken place at the desirable pace.

81. For countries to benefit from technology transfer, domestic absorptive capacity is needed. Efforts to enhance such capacity should address capabilities of all relevant stakeholders and sectors. Financial support and other incentives are often necessary for enterprises to undertake risky, costly activities such as the search, acquisition, adaptation and implementation of new technologies. The creation of absorptive capacity also requires enabling the establishment of domestic and international links between local firms, research and education institutions, foreign affiliates and other relevant actors. Universities and research institutions should be enabled to transfer knowledge to enterprises, and be given incentives to establish strong collaboration with the private sector to address technological problems of relevance to them.

82. At the international level, it is important to explore new approaches to facilitate greater transfers of technology to developing countries. This could involve both active encouragement by developed countries as well as the elimination of measures that may act as barriers to such transfers. International trade and investment policy frameworks should be supportive of national technological development in developing countries.

83. Ways to facilitate access at low or no cost to the results of scientific research, particularly publicly-funded research, should also be considered. International coordination, collaboration and partnerships, including between the private and public sector, in science and technology should be further developed.

84. Information and communication technologies (ICTs) have become an important feature of the increasingly globalized and knowledge-based economy. The ability to use such technologies is essential to improving productivity and the functioning of agricultural markets and for small and large enterprises to connect with global value chains. Their wider diffusion is essential to bridging the digital divide. To this end, developing countries are encouraged to formulate and implement national ICT policies.

85. Infrastructure services have a strong impact on production, trade and economic competitiveness and can be an important component of a post-crisis recovery strategy. Moreover, competitive infrastructure services are an important factor for attracting FDI. However, for such services to contribute successfully to the economic and social development of a country, the legal and regulatory environment must be supportive. Accordingly, the policy and regulatory and institutional framework of infrastructural services are becoming increasingly crucial to inclusive and sustainable development.

86. High transport and commercial transaction costs, inadequate trade facilitation, inefficient transport services and low connectivity can act as barriers to trade and remain among the persistent challenges facing many developing countries, especially landlocked developing countries (LLDCs); and these are compounded by other factors, including high energy prices.

87. Landlocked developing countries usually pay the highest transport and transit costs, as reflected in the Almaty Programme of Action. The lack of access to the sea and

remoteness from major markets, inadequate transit facilities, cumbersome customs and border crossing procedures, regulatory constraints, as well as weak legal and institutional arrangements, undermine the effort of LLDCs to build their productive capacities and to be competitive on the world scale.

88. The smooth operation of international trade and transport requires clear and transparent uniform rules which create legal certainty and reduce the need for costly litigation. In this respect, recently adopted safety and security systems for the movements of persons and goods create daily challenges for border control agencies and for all participants in the supply chain to process and exchange increasing volumes of information.

89. A changing climate will pose some of the biggest development policy challenges, at both the national, regional and international levels, over the coming years. Recent estimates suggest that hundreds of thousands of people are already losing their lives each year as a result of global warming and the livelihoods of hundreds of millions more are seriously threatened. While responsibility for solving the problem lies principally with advanced economies, the active participation of developing countries is now required if timely and effective responses are to emerge at the multilateral level. Such participation should be consistent with their meeting long-standing development goals of reducing poverty, attaining inclusive development and closing the economic and social gaps with the advanced countries.

90. The United Nations is the right forum to address issues arising from the multi-faceted economic and development implications of environment and climate change. Of special significance for developing countries are the economic aspects, and costs, of mitigation and adaptation. Also important is putting in place effective and operational arrangements for long-term international cooperation under existing multilateral instruments to support developing countries in addressing the adverse impact of climate change and achieving their development goals while contributing effectively and equitably to global mitigation and adaptation efforts.

91. Ongoing discussions regarding the “green economy” have raised concerns about new forms of “green” protectionism. Bearing in mind the fact that there is still no agreed definition of the concept of green economy, potential impacts of greening trade on development is in need of careful research and policy analysis.

92. The climate challenge will be very difficult to solve independently of that of meeting the growing demand for energy by developing countries. Energy insecurity is a persistent development challenge. This must, however, be addressed sustainably, taking into account scientific and technological progress to date and respecting the environment. This is where green – including renewable – energy plays an important role. But there are still many developing countries that cannot afford alternative energy technology, and for them the transfer of renewable energy technologies between developed and developing countries is of vital importance, as it contributes to the welfare of all while protecting the environment. Supportive financial and technology transfer mechanisms are needed in order to offer tangible opportunities, especially for the low-income countries.

93. Transport systems which link global supply chains are also affected, both directly and indirectly, by current and predicted effects of climate change. Associated risks, vulnerabilities and costs may be considerable, in particular for developing nations with low adaptive capacity, including the LDCs, and small island developing States (SIDS).

94. Given the long service life of transport infrastructure and the strategic importance of avoiding any disruptions to the operation of global supply chains, effective adaptation in transport requires re-thinking established approaches and practices.

#### **D. Strengthening all forms of cooperation and partnerships for trade and development, including North–South, South–South and triangular cooperation**

95. Given the changes in the global landscape and dynamics over the last two decades, the international community must devise fresh forms of partnerships and cooperation and new development approaches that not only promote accelerated stable economic growth and greater openness, but also the wider aims of inclusive and sustainable development. Greater coherence among economic, trade, monetary, financial, social and environmental policies as well as further improved governance at all levels are essential for this outcome to materialize. The new partnership will have to strengthen relationships between the private and public sectors and across different configurations of countries at varied levels of economic development.

96. An effective global regulatory regime in support of development-centred globalization will need to strengthen and harmonize collective rules and actions in some areas, particularly in finance, even as it aims to expand national policy space. A broader cooperation agenda in support of structural transformation and inclusive development can help focus more strongly on the challenges of building productive capacities, including with the support of strategic trade and industrial policies, as well as active financial, labour market and macroeconomic policies.

97. International trade contributes to fostering international cooperation and partnerships by linking production processes, spreading technology and ultimately contributing to shared economic growth. Still, international trade has not yet fully realized its vast potential in terms of supporting the MDGs, especially in regard to reducing poverty and inequality. This is a problem shared by many developing countries. Therefore, the need to better understand the implications of international trade for vulnerable people is essential in order to adjust trade policies and international support measures so that the benefits from trade are more widely shared.

98. In recent years, aid programmes have focused increasingly on social outcomes, often at the expense of support for developing domestic resource mobilization and the creation of new productive capacities. This has taken attention away from the principal aim of development cooperation, which is to assist countries in moving to a position where they can mobilize their own resources for development, among other things. As such, the delivery of aid should be carefully and constructively tied to the ambitions of recipient States to strengthen their productive capacities.

99. In this context, the idea of “Aid for Trade” (AfT) has gained prominence in the international aid discourse since it was introduced at the 2005 WTO Ministerial Meeting in Hong Kong (China). This initiative recognizes that developing countries, and especially LDCs, need targeted financial support to help them adjust to the stresses that accompany increased openness and to help build their productive capacities to ensure significant future gains from trade. These objectives would be more easily reached if AfT gains an appropriate scale, includes genuinely new funding in excess of current aid commitments, is accompanied by appropriate trade and industrial policies, and is managed within the United Nations system in order to secure that the gains from trade support inclusive development strategies.

100. Successful integration of trade into virtuous growth and development circles has occurred at the regional level, as was the case with intra-European trade in 1950s and 1960s and subsequently with the rising economic prosperity in East Asia, including through close regional ties between trade and FDI.

101. Regional integration, complemented by interregional cooperation, is gaining renewed support in other parts of the developing world. Initiatives include attempts to forge greater consistency around trade and investment policies in Africa and Latin America and the creation of regional production networks across Asia, including to some LDCs. The key challenge is how to ensure that RTAs bolster trade productive integration and support economic diversification among countries at different levels of development, especially in LLDCs.

102. Beyond these regional arrangements, the emergence of new growth poles in the South can be leveraged in support of more widespread developmental gains through South–South integration and cooperation that targets in particular the LDCs. Trade and investment patterns have shifted accordingly, leading to a renewed confidence of the South.

103. The resilience to the crisis in parts of the developing world certainly marks an important break with the past and raises hopes of a prolonged period of narrowing global economic inequality. However, to date, this shift has been uneven, with large differences between developing regions and among individual countries; many of the LDCs have seen the income gap between them and other countries widen further during the past two decades. Moreover, many developing countries remain dependent on the leading economies for markets and resources and are vulnerable to changes in policy and economic conditions there. The impact of the Northern debt crisis on developing countries will accordingly need to be monitored carefully.

104. Since the turn of the millennium, new institutional arrangements have emerged among developing countries to discuss mutual needs and challenges, and to extend cooperation. In contrast with traditional North–South cooperation, South–South initiatives involve countries with shared development challenges and suggest more equal relationships between donor and recipient countries. Capacity–building in support of developmental States should become an important component of South–South cooperation, as this is an area where it has distinct advantages over traditional forms of development cooperation.

105. There is great scope for developing countries, particularly LDCs and low-income countries, to exploit their growth potential through the dynamism of South-South trade. The success of the São Paulo Round of Global System of Trade Preferences (GSTP) negotiations constitutes a historical breakthrough in the South–South trade policy environment.

106. Interest in South–South cooperation goes well beyond the trade sphere. Successful developing countries have accumulated a wide range of policy and governance experiences from which other developing countries can learn. South-South cooperation can also contribute to increasing investments, technology transfer and capacity-building.

107. Many of the new threats to inclusive growth and development can also be approached through stronger South–South ties. They include food security, where scaling up of agricultural extension and support services, improving water management and strengthening research and development, can benefit from sharing experiences among developing countries. Other areas where South–South cooperation opens up new possibilities include climate adaptation and improved response to natural disasters. In such cases, new partnerships, such as those involving triangular cooperation, can be used to support more effective action. This has already been noted in the cases of agriculture and renewable energy. However, because these new challenges require large-scale investment and new technologies, effective actions will still have to be managed and financed at the multilateral level.

108. New partnerships are also forming in the private sector. The competitive dynamics of global value chains have led to an increasing use of non-equity modes (NEMs) of operations by TNCs such as international outsourcing of production, the licensing of



knowledge to host country companies, management contracts and franchising. Inasmuch as NEMs require the participation of domestic enterprises with significant productive capacity, they hold out the strategic opportunities successfully used by some developing countries in the past, as East Asia exemplifies, so as to make their relations with TNCs work for development.

109. While partnerships within production networks seek to benefit from the higher productivity levels and greater technological know-how of foreign affiliates, the desired spillovers are not automatic, however. This is especially so in the case of assembly-type activities, where the absorptive capacity of local companies is often insufficient. Failure to address such weaknesses has given rise to concerns of a “middle-income trap”, since several countries have moved into the labour-intensive slices of the global value chains but have found it difficult to further develop the technological infrastructure needed to support the growth of larger domestic firms which could sustain upgrading and productivity growth.

110. In the area of investment, the system of international investment agreements (IIAs) has become increasingly large and complex. To make this system function in a way that is more efficient and conducive to strong sustained growth and sustainable development, has become increasingly crucial. International sharing of experiences and best practices on key issues and consensus-building, with a view towards effective harnessing of sustainable development potential of IIAs and attendant investment flows can offer important opportunities in this regard.

#### **IV. Looking ahead**

111. The goal of inclusiveness, and the actions which it inspires, should extend to all multilateral processes and institutions. Inclusiveness is at the heart of UNCTAD’s holistic approach to development. What is adding to the challenge is the increasing interdependence of issues, processes and dynamics, and the need for a more coordinated approach to addressing today’s realities. As the only multilateral institution with a truly global mandate, the United Nations is the forum to develop globally owned solutions. It is important to recognize, however, that no institution has a monopoly on the solutions designed to tackle global imbalances and advancing inclusive and sustainable development.

112. This dynamic mix of new realities and the continuing importance of the United Nations underscores UNCTAD’s importance as an institution that has long placed interdependence at the heart of its holistic approach to development, and as a valuable forum for continuous and comprehensive development dialogue between developed and developing countries. UNCTAD allows ideas to be considered and a consensus built around them, which in turn can contribute to deliberations in other relevant forums and institutions. This role as a place for frank and open discussion in a constructive manner should be encouraged and further developed, especially in view of the magnitude of the challenges facing the global community, and the opportunities for all countries to address persistent and emerging development concerns.

113. In this regard, UNCTAD through its three pillars should continue to play its important role in the evolution of a stronger global consensus and action on development, including through its contributions to the integrated follow-up and implementation of the various United Nations conferences and summits on development, and in paving the way towards 2015 and beyond.

114. Maximizing the contribution of UNCTAD’s three pillars to the broader work of the United Nations on development assumes added significance at this historic juncture, when the need for greater democracy and good governance has been emphasized, especially in the light of the global financial and economic crisis.. In this connection, a key area that

needs continued attention, including in the context of the various development-related processes in the United Nations system, is the vulnerability of many developing countries, in particular the LDCs, LLDCs and other structurally weak, vulnerable and small economies.

115. There are many opportunities to accomplish this, and all of them are interrelated. A key area that needs to be addressed is the continuing vulnerability of many developing countries. This has been an important area of UNCTAD's work, which must be maintained. The relentless effort to uplift the LDCs is one particular area which warrants continued attention, including in the context of the various development-related processes in the United Nations system and beyond.

116. One important process is the implementation of the Istanbul Programme of Action which resulted from the Fourth United Nations Conference on the Least Developed Countries (LDC-IV). That landmark event underscored the importance of building productive capacities, upgrading technological capability of LDCs and assisting the graduation of these countries. The challenges facing countries once they graduate from the category of LDCs need to be addressed holistically to better focus continuing efforts to promote their development. This could include developing better measures of productive capacity-building and development, a better understanding of the realities facing middle-income developing countries, with a view to addressing their concerns and the need to provide graduating LDCs a clear and attractive post-graduation environment. UNCTAD can consider these important questions in the period leading up to 2015.

117. Another important area is in the global effort to realize the objectives of sustainable development, including through the forthcoming Rio+20 United Nations Conference on Sustainable Development. UNCTAD can contribute by addressing the trade and development implications of climate change and the emerging green economy, especially by supporting and enabling developing countries in their efforts to address the adverse economic impact of climate change in achieving their development goals. Helping developing countries get development back on track after natural disasters is a related and important area where UNCTAD can make important contributions, in cooperation with other relevant members of the United Nations system.

118. All of these processes converge on the broader need to ensure that the global economic system works for development. UNCTAD can contribute its expertise and ideas to the broader work of the United Nations in addressing the root causes of the global economic and financial crisis. This is particularly important given UNCTAD's capacity and mandate to generate ideas which can contribute to enhancing systemic coherence and can help to forge a new consensus on economic development beyond 2015.

## **V. The role of UNCTAD**

119. UNCTAD XIII reaffirms the organization's core mandate, as set out in 1964, to serve as the focal point of the United Nations for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development. In order to ensure continuity in the work of UNCTAD, the Doha Consensus builds on the Accra Accord and its still valid role in guiding UNCTAD's work is reaffirmed. Recognizing that the world has changed in many ways since UNCTAD XII, this Conference provides updated guidance to the work of UNCTAD, through its three pillars, in order to enhance the development role and impact of the institution, including by incorporating lessons learned and addressing global realities as they have evolved since the previous Conference.

## **A. Enhancing the enabling economic environment at all levels in support of inclusive and sustainable development**

120. In assisting countries to maximize their development potential, UNCTAD should provide policy ideas and options in order to contribute to an accelerated and sustainable development. In particular, UNCTAD should play a crucial role in analysing current global economic challenges and presenting solutions to address them. Its recommendations should include the following:

(a) UNCTAD should examine how international economic relations and domestic policies can enhance the enabling economic environment at all levels in support of inclusive and sustainable development and ensure that everyone, especially the poor and vulnerable, benefits from growth and economic development;

(b) UNCTAD should analyse, in light of post-Accra events and experiences, the root causes and effects of the global financial and economic crisis and draw conclusions that help prevent recurrence in the future. It should also continue its research and analysis of the international financial and monetary system and price volatility of commodities, and it should propose recommendations to address the problems in financial markets that result in macroeconomic instability, distortions of international trade and increased levels of poverty and inequality. UNCTAD should consider, within its areas of competence, the need to improve the coherence and governance of the international monetary, financial and trade systems, including more effective participation of developing countries;

(c) UNCTAD should actively contribute to the follow-up mechanisms of the United Nations Conference on World Financial and Economic Crisis and its Impact on Development, and provide recommendations for the implementation of its outcome document. It should also offer expert advice rooted in the development dimension in follow-up to other major international development conferences. Given the need for a strong, predictable, and equitable multilateral trading system, UNCTAD should enhance support to developing countries by monitoring international trade from a development perspective, and by addressing ways of more equitably integrating them into the global economy and the international trading system;

(d) UNCTAD should analyse issues of debt and finance and contribute to the multilateral process. It should undertake research, especially in relation to sovereign debt restructuring, expansion of multilateral financial resources, and the elimination of policy conditionality in connection with adjustment and crisis lending. Maximum synergy should be sought between analytical work and technical assistance;

(e) UNCTAD should assist countries to improve their statistical capacity and contribute to the global development policy debate by producing indicators that highlight the linkages between development and globalization. The lessons since Accra and the crisis include the need for accurate and timely economic data. In order to make its work more responsive, UNCTAD should intensify its interaction with academic and research institutions to better convey the results of its policy research to the academic community and to mobilize resources in member countries in support of its analytical work;

(f) UNCTAD should maintain course in supporting the Palestinian people along the lines of the Accra Accord, taking into consideration the new realities.

## **B. Promoting investment, trade, entrepreneurship and related development policies to foster sustained economic growth for sustainable and inclusive development**

121. The mobilization of all resources, including productive capital, is a crucial element in enabling the private sector to help build greater prosperity and well-being. The three pillars of UNCTAD should work to contribute to this end including through the following:

(a) UNCTAD should deliver policy-oriented research, policy dialogue and technical assistance aimed at helping developing countries in the design of their strategies and policies for attracting and benefiting from foreign investment for sustainable development, including through the development of appropriate investment regulatory regimes that are consistent with their national development objectives. This must include addressing key and emerging issues in the area of investment;

(b) UNCTAD should also help further strengthen private sector development, including by providing policy guidelines on how to mainstream productive capacity-building in national development policies and strategies, and developing indicators of productive capacity-building. Particular attention in this regard should be given to LDCs, LLDCs and other vulnerable developing countries, and the elaboration of strategies and policies for their effective participation in global supply chains;

(c) UNCTAD should explore new ideas and policies to promote export diversification as a means to enhance inclusive growth and development, including diversifying into sectors related to creative economy and more value addition. UNCTAD should also examine different strategic options for export diversification for developing countries at various stages of structural transformation;

(d) UNCTAD should continue to assist developing countries, in particular the LDCs, to promote local entrepreneurship, develop policies to encourage public-private partnerships for infrastructure development, integrate small and medium-sized enterprises (SMEs), micro-enterprises and individuals in the formal financial sector, strengthen SMEs' productive capacities and market access, and train entrepreneurs;

(e) UNCTAD's work in the field of governance, in all its dimensions, will be instrumental for partner countries to strengthen their institutional capacity in the fields of trade, technology and investment and to build on the relevant transparency initiatives in these areas;

(f) UNCTAD should strengthen its research and policy analysis in the STI area, with a view to making science, technology and innovation capacity an instrument for supporting the national development agenda, helping local industry become more competitive, generating employment opportunities, reducing poverty, and promoting the country's export diversification efforts;

(g) UNCTAD should promote a more balanced set of arrangements to ensure that access to technology becomes part of a more inclusive development-centred globalization, including through international measures in support of technological development in developing countries. UNCTAD should play a key role in the research, analysis and policy discourse with a view to promoting the development and application of green technology, as well as the building of related local capacity;

(h) UNCTAD should conduct research and analysis and technical cooperation work with regard to the identification and dissemination of international best policy practice in the promotion of transfer of technology and other trade-, investment- and development-related aspects of intellectual property, in line with the World Intellectual Property Organization's (WIPO's) Development Agenda. As agreed in the Istanbul

Programme of Action, particular attention should be given to the technology needs of LDCs, including by supporting them in undertaking a gap and capacity analysis to benefit from the proposed International Science, Technology and Innovation Centre;

(i) As part of its work in the field of transport and trade logistics, UNCTAD should strengthen its research and policy analysis and technical cooperation in order to help developing countries address challenges faced in improving transport systems and connections, the use of information communications technology in logistics and supply chain security, and design policies supporting environmentally sustainable transport systems;

(j) The various economic challenges of recent years have highlighted the importance of addressing effectively the unique challenges facing landlocked and transit countries. UNCTAD should assist these countries in the design and operation of resilient and sustainable transit infrastructure and services;

(k) UNCTAD should sharpen its focus on building services supply capacity through comprehensive national strategies and policy reviews;

(l) UNCTAD should promote regional cooperation in formulating trade policy frameworks and competition and consumer policies, taking into consideration national developmental aspirations and domestic imperatives.

### **C. Addressing persistent and emerging development challenges as related to their implications for trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development**

122. A key outcome of the Accra Accord was to enable UNCTAD to better react in providing advice and assistance to countries in light of the increasing pace of events. In order to further strengthen UNCTAD's capacity to address persistent and emerging development challenges, UNCTAD's activities should include the following:

(a) UNCTAD should conduct economic and trade analysis and foster international dialogue, consensus-building and cooperation on sustainable development, including the transition to the green economy and climate change;

(b) UNCTAD should examine opportunities to expand capacity, access and diversification of trade in biofuels and other energy sources and explore efficient and sustainable ways of producing and consuming energy;

(c) UNCTAD should support increasing agricultural production capacity as a priority where, among other schemes, public-private partnerships can facilitate the transfer of appropriate technologies to developing countries to ensure adequate and sustainable food supply;

(d) UNCTAD should carry out work focusing on market access, regulatory issues and institutional frameworks to facilitate the temporary movement of natural persons amongst countries – particularly to provide services, including through negotiated trade commitments at bilateral, regional and international levels;

(e) UNCTAD should assess and make recommendations on how migration can support development and the achievement of internationally-agreed development goals, including the MDGs;

(f) UNCTAD should undertake work on the impact of remittances on development, including through facilitating access of migrants to financial services and the use of such resources to generate productive capacity;

(g) UNCTAD should monitor and analyse the contribution of trade liberalization on job creation and inclusive development and how trade and the international trading system can contribute to create productive employment, including for the poor;

(h) UNCTAD should consolidate its work on databases on non-tariff measures and its analysis of the consequences of non-tariff measures for development.

#### **D. Strengthening all forms of cooperation and partnerships for trade and development, including North–South, South–South and triangular cooperation**

123. Placing the global economy on a stronger footing will mean strengthening global ownership and partnership in development. UNCTAD's contribution in this regard should take into account the following:

(a) UNCTAD should conduct activities under its three pillars in support of new mechanisms and tools to enhance the level and pace of South–South cooperation, North–South and triangular cooperation. It should intensify work on how the dynamism of South–South trade and new trade flows can optimize development gains of developing countries, particularly LDCs and low-income countries. In particular, it should enhance support in servicing the GSTP and regional monetary arrangements;

(b) UNCTAD should take a proactive role in addressing issues pertaining to North–South cooperation in its broadest and most constructive sense, including anchoring North–South engagement on an equal footing in all areas of global economic policymaking. This should include the conduct of research and other activities to address issues of systemic participatory imbalance in global economic policymaking;

(c) UNCTAD should, on the basis of country case studies, assess the implications of trade liberalization on poverty reduction, income inequality and income growth in African countries, the LDCs, LLDCs and small island developing States;

(d) UNCTAD should assist the LDCs in assessing progress towards domestic resource mobilization in support of their national development strategies and in enhancing the development effectiveness of aid;

(e) Maximizing the development impact of aid is of key importance, especially at a time of dwindling resources. UNCTAD should consider assessing progress towards nationally-owned development strategies and the role of recipient-led aid management. In this regard, UNCTAD should work on progress towards aid effectiveness which is measured in terms of its development impact from the perspective of recipient countries, consistent with member States' wishes to promote strong involvement and ownership of recipient countries in the distribution and management of aid;

(f) UNCTAD should undertake an independent assessment of public–private partnerships in the development context with the aim of mapping out what has and has not worked so far and what might work better in the future and under what conditions;

(g) UNCTAD should also play an active role in shaping the policies relating to the delivery of North–South aid in order to ensure that such delivery further responds to, supports and reflects the needs and interests of recipient developing countries.