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**PRE-CONFERENCE NEGOTIATING TEXT**

Submitted by the Chairman of the Preparatory Committee

## **PRE-CONFERENCE NEGOTIATING TEXT**

1. In the four years following the tenth session of UNCTAD, the Bangkok Plan of Action served as a comprehensive blueprint for the work of the organization. It should continue to be the basic framework defining the broad areas of UNCTAD's work in the years to come. However, as the principal forum of the United Nations for the integrated treatment of trade and development and interrelated issues in the areas of finance, investment, technology and sustainable development, UNCTAD is also expected to make a substantial contribution to the implementation of the outcomes of recent global conferences. It should specifically aim at contributing to the implementation of the Programme of Action for the LDCs agreed at the Third United Nations Conference on the Least Developed Countries, the internationally agreed development goals contained in the Millennium Declaration, the Monterrey Consensus, the Plan of Implementation agreed at the World Summit on Sustainable Development, the Plan of Action of the World Summit on the Information Society, as well as the Doha Ministerial Declaration and other decisions.

2. UNCTAD has consistently offered a perspective that looks closely at the causes of the trade- and development-related problems of developing countries, as well as economies in transition, and the asymmetries in the international trading and economic system that limit their development potential. Greater understanding of the interface and the coherence between international processes and negotiations on the one hand, and the development strategies that developing countries need to pursue to achieve their development objectives on the other, is critical. UNCTAD can play a key role in helping to ensure that coherence. Advancing this objective is the overarching goal of the São Paulo Conference.

3. Greater coordination should also be sought between the three major pillars of UNCTAD's activities, namely research and analysis, consensus-building and technical cooperation. UNCTAD's capacity to undertake research and analysis on macroeconomic policies, trade, finance, debt, investment and interdependence should be strengthened to ensure that UNCTAD's output meets the needs of developing countries in the most effective way. The results of such analysis should support UNCTAD's activities in consensus building. Equally important is the strengthening of UNCTAD's technical cooperation activities through the implementation of the new technical cooperation strategy that the Trade and Development Board approved at its fiftieth session. In all these areas of work, particular consideration should be given to the least developed countries.

### **I. POLICY ANALYSIS**

4. Globalization has a potential to raise income levels in all countries, but so far its benefits have been distributed unevenly. Although increased trade, improved technology, faster and more accurate communications, and the nearly unlimited opportunities for exchange of information and ideas offer new opportunities to all people, the income gaps

between countries in the North and the majority of countries in the South, as well as within countries, have widened further since the 1980s. At the same time, the world economy has been characterized by slow growth and instability, and poverty has increased in many countries. Insufficient coherence between the international trading and financial systems, as well as between national development strategies and international obligations, have contributed to this outcome.

5. The secular decline and instability of world commodity prices and resulting terms-of-trade losses have reduced the import capacity of many developing countries, particularly the LDCs and the African countries, and contributed to increased poverty and indebtedness. This situation is further complicated by the emergence of increasingly concentrated market structures at the international level and stringent standards and requirements in developed country markets. Moreover, value retention by developing countries producers of commodities is decreasing, and their participation in domestic and international value chains is a major challenge. There is a need to give renewed impetus to consideration of the commodity problematique, with due regard being paid to the outcome of discussions at the fiftieth session of the Trade and Development Board and in the General Assembly on the report of the Group of Eminent Persons on Commodities.

6. The dynamic sectors in world trade represent new and emerging trading prospects for developing countries. New opportunities are also provided by potentially high-value-added, special and niche product and services sectors in which developing countries have potential comparative advantages. Creative industries, including audiovisual services, can help foster positive externalities while preserving and promoting cultural heritages and diversity.

7. Diminishing flows of official development assistance in the 1990s have adversely affected productive investment, as well as social and human development in many African and least developed countries. Official development assistance (ODA) has also been increasingly linked to excessive conditionality in connection with structural adjustment, thereby undermining the developmental impact of aid.

8. Slow growth of the world economy, a faster pace of trade liberalization in the South than in the North, and reduced ODA have contributed to a build-up of unsustainable external debt in many developing countries. Implementation of the Heavily Indebted Poor Countries (HIPC) Initiative has progressed, but at a very slow pace, not least because eligible countries are facing difficulties with the complex process of preparing and implementing Poverty Reduction Strategy Papers (PRSPs). Bilateral official creditors have continued to provide debt relief to several low-income countries, partly beyond the commitments made within the framework of the HIPC Initiative, but for most countries the debt relief provided falls short of the level needed to achieve long-term debt sustainability and to allow a significant reduction in poverty in line with the internationally agreed target levels. Moreover, a number of low- and middle-income developing countries not eligible for debt relief under the HIPC Initiative are also carrying debt burdens far exceeding the threshold level for sustainability adopted in the HIPC framework.

9. Volatility in international financial markets and private capital flows continues to affect developing countries, which often do not have the necessary institutional capacity to mitigate its impact. Such volatility has often contributed directly to problems in managing interest rates and exchange rates, and to the outbreak of financial crises in emerging market economies. It has also had an indirect effect on other developing countries by worsening and destabilizing international trading and financing conditions.

10. Development policies during the past two decades have centred around greater openness to international market forces and competition, and a considerably reduced role of the state. The assumption was that this approach would lead to a more efficient allocation of resources and increased inflows of foreign capital, including FDI, which would help to deepen technological capabilities. Together with political stability, good governance, respect for property rights and investment in human capital, these elements made up what was regarded as a generally applicable strategy for sustainable growth in a globalizing world.

11. The experience with such policy reforms has shown that market forces alone cannot be relied upon to bring about the transformations in economic structure that are required for sustained development. Although the basic elements of the orthodox approach may still have some role to play, there is now broad agreement on the need to rethink development strategies in light of the successful and less successful experiences of the past.

12. Experience from developing countries that have been more successful in integrating into the world economy than others shows that rapid and sustained growth in developing countries requires a dramatic shift in economic structure from the primary sector to manufacturing and services, associated with a progressive rise in productivity. The engine of this process of structural change has been rapid and sustained capital accumulation, which cannot be achieved by relying on market forces alone.

13. All this suggests that there is no automatic convergence of open economies. Country-specific national interests, potentials and socio-economic circumstances have not been taken sufficiently into account in the formulation of development strategies at both the national and the international level. This implies a rejection of a "one-size-fits-all" approach to development.

14. For developing countries to integrate into the world economy on terms and conditions favourable to their development, they need to build stronger supply capabilities and promote technology transfer and generation, encourage enterprise networking, and increase the productivity and improve the competitiveness of their enterprises. Investment plays a central role in this effort; it provides a crucial link between productive capacity building and international competitiveness. An essential lesson from the experiences of countries that have successfully promoted growth and development is the critical role of active and well sequenced policies directed at promoting productive investment, developing human resources and an efficient infrastructure, enhancing institutional capacity, building technological capability, and supporting local enterprises, including linkages between large and small enterprises.

15. The scope for domestic economic policies in developing countries, especially in the area of trade, investment and industrial policy, is now more restricted by international commitments at various levels, such as those undertaken in the context of WTO negotiations and in relations with international financial institutions, and by conditionalities attached to official financing and adjustment programmes. The question today is therefore how much policy space and policy flexibility remains in developing countries, to what extent is it necessary and possible to enlarge this policy space, and in which areas. In the same way as development strategies and policies have to be adapted to different settings, the space for national policy also has to be adapted to their specific needs and circumstances. At the same time the desirability of rules applying to all must be acknowledged, as well as the temporary nature of any exceptions from such rules.

16. The financing of productive capacity building is central to any development strategy. First and foremost there is a need to harness domestic resources for investment in productive capacity and technological upgrading. However, domestic resources, particularly in lower-income countries, need to be complemented by external capital flows in order to raise investment. FDI can offer the potential to utilize foreign savings and to transfer knowledge and technology, upgrade human resources, boost entrepreneurship, introduce new production and management techniques and stimulate enterprise learning through linkages between foreign affiliates and domestic enterprises. However, the extent to which full economic and social benefits can be derived from FDI is dependent on the presence of a vibrant domestic private sector, improved access to international markets, and the implementation of investment policies as an integral part of national development strategies.

17. Creating an enabling environment for investment, technology transfer and enterprise development is essential for building productive capacity. Equally important are the policies and actions that the home countries of FDI and TNCs themselves can introduce to encourage investment and to increase the benefits that developing countries can generate from investment inflows. Home country measures and corporate responsibilities that aim at proactive engagement of corporate actors in development from both the economic and the social perspective stand at the core of this process.

18. Information and communication technologies (ICTs) are becoming increasingly important for improving the competitiveness of enterprises. They help reduce transaction costs, provide opportunities to increase exports, open up wider markets, thus promoting diversification and employment opportunities, increase management efficiency and enhance flexibility in production processes. But large disparities exist between countries in their access to, and ability to use, ICTs, resulting in a digital divide. The underlying causes for the low level of application of new technologies in developing countries include insufficient telecommunications infrastructure and Internet connectivity; expensive Internet access; absence of adequate legal and regulatory frameworks; shortage of requisite human capacity; failure to use local language and content; and a lack of entrepreneurship and business culture open to change, transparency and social equality.

19. Other elements that are essential for improving the international competitiveness of developing countries' enterprises are the costs and quality of transport and trade facilitation

arrangements. The availability of efficient transport facilities helps to reduce transaction costs and increases the possibilities for all enterprises, particularly SMEs, to participate in international trade. In this respect, new security-related measures and requirements that have been introduced in recent years and which have been changing the environment for the international transport of goods need special consideration.

20. Trade policies can serve as an important development instrument, but they have to be consistent with national development goals such as growth, economic transformation and production, diversification, export value-added, employment expansion, poverty eradication, gender equity, human development and sustainable use of natural resources. Trade is not an end in itself, but a means to development, and hence developing countries need to design and implement national trade policies that focus on development and poverty reduction.

21. Developing countries have made strenuous efforts at trade liberalization under very difficult circumstances, underscoring their interest in using trade as an engine of development and poverty reduction. However, only a few developing countries have succeeded in participating in global export growth. The share of the African countries and LDCs in world trade has continued to fall, and their terms of trade have deteriorated, making it difficult for them to build competitive productive and supply capacity. Equally important are the concerns of small economies, including small island developing States and landlocked developing countries.

22. All countries have a shared interest in the success of the Doha Work Programme (DWP), which aims at making the trading system more development-friendly. Specific interests and concerns of developing countries relate to, *inter alia*, market access in agriculture, non-agricultural goods, and services; market entry barriers and trade remedies; implementation issues; special and differential treatment (S&DT); trade preferences; accession to WTO; and issues relating to LDCs and small economies. The development implications of these issues deserve special consideration.

23. Trade in agriculture has important implications for the sustainable livelihood and food security of three-quarters of the world's poor living in the rural areas of developing countries. Trade-distorting domestic support and export subsidies of developed countries, and tariff peaks and escalation faced by developing country agricultural exports, have hampered the effective realization of the full potential of agricultural trade of developing countries. Continued tariff bias against developing countries' non-agricultural exports, compounded by tariff peaks and escalation, reduce their ability to diversify and add value to their exports. The erosion of preferences arising out of the ongoing market access negotiations, compounded by difficulties in utilizing preferential schemes, is a serious concern to preference-receiving developing countries.

24. Increasing the participation of developing countries in trade in services necessitates liberalization of services trade in sectors and modes of interest to them. A key priority lies in developing national and international policies to undertake commercially meaningful liberalization and commitments to achieve genuine movement of natural persons for all categories, including independent service suppliers under Mode 4 of the General Agreement

on Trade in Services (GATS). Building competitive services supply capacity remains a major challenge for developing countries, including through the effective implementation of GATS Article IV. This is a Mode where both developing and developed countries can realize significant welfare gains.

25. Developing country exports also face market-entry barriers arising from, *inter alia*, restrictive rules of origin, stringent technical barriers to trade (TBT), sanitary and phytosanitary (SPS) measures, growing indiscriminate use of contingency protection measures (anti-dumping measures), and the recent introduction of various security-related actions. Other anti-competitive structures and practices, as well as environmental requirements under governmental regulations and voluntary private sector or NGO-created standards, significantly add to these barriers.

26. The implementation of their commitments on such multilateral trade agreements as TRIPS, TRIMs, TBT, SPS and customs valuation, as well as use of the dispute settlement system, involves high resource and adjustment costs that are particularly hard to bear for developing countries.

27. S&DT is an established principle within the WTO and an integral part of WTO Agreements. It can play a valuable role in addressing the economic, structural and institutional imbalances between developing and developed countries. WTO Members decided, in the Doha Declaration, that "all special and differential treatment provisions shall be reviewed with a view to strengthening them and making them more precise, effective and operational" and to identify those that should be made mandatory with clear recommendations thereon. Timely implementation of this decision is critical.

28. The Doha Ministerial Declaration noted the "extensive market-access commitments" already made by the acceding countries to WTO. Developing countries in the process of accession continue to face difficulties, including obligations demanded of them that are not consistent with their status as developing countries.

29. Trade is a key aspect of regional integration efforts, and regional trade agreements are a major facilitator of South-South trade. The Global System of Trade Preferences among Developing Countries (GSTP) is an established instrument available to developing countries and deserves further and broader implementation so as to generate additional trading opportunities, particularly for LDCs.

30. Trade and environment issues are important in the context of a broad agenda for sustainable development, with increased focus on issues of key developmental concern. Trade and competition policy issues are also important in safeguarding firms against anti-competitive behaviour of TNCs in domestic markets, as well as responding effectively to a range of anti-competitive practices in international markets.

31. Recent developments within the United Nations have shown that international cooperation for development relies more and more on a multi-stakeholder approach. UNCTAD has played a pioneering role in developing partnerships with various components

of civil society. Since UNCTAD X, the concept of partnerships has evolved significantly, in particular from its conceptual development towards actual implementation. The experience of the Monterrey and Johannesburg Conferences has allowed member States to further refine the mechanisms for systematically interacting with non-State actors and better define the framework of principles guiding the building and operation of multi-stakeholder partnerships.

## **II. POLICY RESPONSE AND UNCTAD'S CONTRIBUTION**

32. The central challenge today is to ensure that globalization raises all boats and becomes a source of wealth for all people in the world. At the international level, better "governance of globalization" is essential for greater convergence of incomes and for achieving the Millennium Development Goals. At the national level, improved development strategies that take into account the social and human dimension of development and strengthen the links between trade, finance, growth and poverty eradication are vital to meeting this challenge.

33. Globalization has not only economic implications, but also a social and human dimension. Global and national development strategies therefore have to be formulated with a view to minimizing the negative social impact of globalization and ensuring that all groups of the population, and in particular the poorest, benefit from it.

34. National efforts are the cornerstone of development, but they must be supported by a favourable global environment, international assistance, and fair trade and financial relationships, which are essential for development in all countries and for escaping the "poverty trap" in the poorest countries.

35. A central mission of UNCTAD is to help developing countries to achieve this objective, develop their productive capacities and the competitiveness of their enterprises, and increase development gains from international trade and trade negotiations. This involves expanding and diversifying the exports of developing countries, especially the African countries and LDCs, and ensuring that they secure a share in the growth of world trade commensurate with the needs of their economic development. It involves, furthermore, identifying and addressing constraints arising from the international trading system and trade negotiations (multilateral, regional, bilateral), as well as appropriate coherence of national and international policies to overcome the constraints faced by developing countries in the multilateral trading system (MTS). It also requires attention to trade and poverty, and trade and gender.

36. UNCTAD has continually served as a forum for policy discussion and consensus building on trade, investment and development with a view to helping enhance coherence between national development strategies and regional and global processes, and assuring development gains from the international trading system and trade negotiations.

37. UNCTAD, in cooperation with other international organizations and development partners, including the private sector, should support North-South and South-South cooperation and regional integration initiatives. This calls in particular for strengthening of collaboration at the operational level between UNCTAD and other agencies in the United Nations, taking into account ongoing reforms within the United Nations, and various components of civil society.

### **Development strategies in a globalizing world economy**

38. In order to benefit from globalization, developing countries depend on stable growth of external demand. This requires macroeconomic policies in the developed countries aimed at fast and stable growth. In this respect, better macroeconomic policy coordination among the major industrial countries and greater exchange-rate stability among the major currencies are essential.

39. It is necessary to continue to address, at the international level, serious shortcomings regarding the size, stability and sustainability of private capital flows to developing countries. There is a need, at the global level, for a system for monitoring short-term capital flows, particularly in respect of the sources and movement of speculative capital. It is essential that the autonomy of developing countries in managing capital flows and choosing their capital account regime not be excessively constrained by international agreements until ways are found to eliminate, at the global level, the cross-border transmission of financial shocks and crises emanating from global financial integration. Equally, options should not be narrowed with regard to the choice of appropriate exchange-rate regimes.

40. A lasting solution to the external debt problems of many developing countries can only be achieved through increased concerted efforts by the international community. There is an urgent need for a comprehensive assessment of the sustainability of debt throughout the developing world, particularly in relation to the achievement of internationally agreed goals. Such an undertaking should not be limited to HIPC's, but should incorporate a broader spectrum of countries, including the middle-income debtors. There is also a need to strengthen international assistance to developing countries in the management of their debt.

41. Developed countries can assist developing countries in attaining the Millennium Development Goals by providing additional technical and financial assistance and especially by meeting the internationally agreed targets for official development assistance. This needs to be linked to efforts to improve the quality and effectiveness of aid, including through better coordination, closer integration with national development strategies, greater predictability and stability, more appropriate conditionality and genuine national ownership. In addition, more effective international financial arrangements, tailored to the needs of developing countries in a globalizing world economy, are needed to mitigate the consequences of external trade and financial shocks.

42. At the national level, the necessary preconditions for growth and development include political stability, good governance, the rule of law, and the availability of human resources. These basic factors need to be complemented by adequate and flexible national policies to promote investment, successful integration into the global economy and building local capabilities.

43. The experiences of the few developing countries that have been able to launch and sustain a process of economic convergence with the rich countries cannot be taken as a blueprint for policy makers elsewhere. However, they do offer some general strategic lessons on the necessary ingredients of consistent and effective national development strategies:

- In many of these countries, a guiding and supportive role on the part of the state laid the foundation for accelerated development. This suggests a need to strengthen the role of the state in the development process. Each country should therefore have the possibility to strike an appropriate balance between the objectives of efficiency and equity, and between the roles attributed to market forces and the state. Government and business do and should have distinct interests and different roles to play, but a sound government/business network can be a supportive element in policies to create synergies and achieve structural change.
- The challenge for development is to combine strong productivity growth with increased employment, growth of real wages that does not outpace productivity, and a nominal exchange rate that maintains overall competitiveness. Under exchange-rate-based adjustment programmes combined with capital-account liberalization, macroeconomic policies focused primarily on combating inflation and attracting capital inflows, but failed to generate satisfactory growth. Thus, more attention has to be given to the need to create monetary and financial conditions that are conducive to sufficiently high rates of domestic investment to accelerate growth, without impairing the international competitiveness of firms in developing countries.
- Policies must be actively pursued that are designed to provide a conducive environment for private firms to retain profits and to invest them in the enhancement of productivity, capacity and employment. Fiscal instruments can be important in this respect, but there is also an array of trade, financial and competition policies which, if applied in an integrated and well-sequenced manner, can help raise profitability and investment in key industries and increase the domestic value-added content of their exports.
- National policies to achieve greater openness and reap greater benefits from globalization should be forward-looking. But trade and financial linkages with the world economy must be complementary to, and not a substitute for, domestic forces of growth. This can be achieved through careful and well-managed integration into the world economy, with the process being tailored to the level of economic development of each country, the capacity of its institutions and

industries, and the learning capacities of entrepreneurs and employees. Predictable and transparent legal and regulatory frameworks are required to attract FDI, which can generate benefits in the areas of employment and the transfer of know-how and new technologies if it is well integrated in the overall national development strategy.

- Targeted measures of trade, industrial, technology and financial policy at the sectoral and subsectoral level can be effective means of supporting diversification in commodity-dependent economies and of accelerating industrial development in those areas of manufacturing which are the most dynamic in the world economy and where local economies can build on existing comparative advantages or develop dynamic new ones.
- Managing income distribution has been another important element of more successful development strategies in the past. Effective measures in areas such as education and human development and infrastructure are of vital importance in this regard. A necessary condition for greater equality is the rapid absorption of surplus labour. In predominantly rural economies, land reform, agricultural policies and public investment can check rising inequality. As economies move along the development path, investment in education, vocational training and technology generation become increasingly important, and policies to support upgrading of production become vital for sustaining rises in real wages. Fiscal instruments can serve not only to reduce inequalities in personal incomes, but also to accelerate investment and job creation.

44. The different policy measures need to be applied in a pragmatic way that evolves through learning on the basis of concrete experience of what works and what does not in each country. There is a need for diversity in the formulation of national development strategies to meet the challenges of development, taking into account different initial conditions in terms of size, resource endowment and location. Indeed, policy options and responses must change in an evolutionary way as an economy develops, while paying attention to the need to avoid distortive and protectionist measures that could undermine global economic growth and development.

45. Regional arrangements and South-South cooperation can play a supportive role for national development. Regional integration in the areas of trade and finance, and an improvement of regional infrastructure, can help create regional growth dynamics and larger economic spaces, thereby reducing the dependence on traditional markets for reaping greater benefits from trade. Development efforts initiated at the regional level, such as the New Partnership for Africa's Development and similar efforts in other regions, need to be supported by the international community.

### **UNCTAD's contribution**

46. UNCTAD's independent role in delivering policy analysis and policy advice at the global and national level should be strengthened. Its work on globalization and development strategies should focus on interdependence and coherence:

- Contributing to greater coherence in global economic policymaking from the point of view of its effect on development, taking into account the interdependence among the various areas of the international economy, notably trade, investment, money and finance, and technology;
- Contributing to greater coherence between international economic rules, practices and processes, on the one hand, and national policies and development strategies, on the other;
- Supporting developing countries in the formulation of development strategies to ensure stable and rapid growth and sustained development.

47. The work should help identify policies at the international and national level that are conducive to development. UNCTAD's expertise should be used to explore how the management of the world economy can be improved in support of development, and how appropriate development strategies should be formulated and implemented in support of a strategic integration of developing economies into the international trading and financial systems, taking into account the need for appropriate policy space at the national level. The work should also support greater understanding of the mutuality of North-South interests in sustained development, as well as of the implications of diversity in development experiences.

48. At the international level, UNCTAD's work should aim at making a contribution to increasing coherence in the management of the global economy, particularly in terms of the interdependence and consistency of international trade, investment and financial policies and arrangements. It should address the question of international financial instability; the role of private and official flows in financing development; the question of debt sustainability; the impact of macroeconomic policies in the advanced industrial countries on development prospects of poorer economies; the role of regional integration in development; and the impact of regional integration and arrangements on development prospects. UNCTAD should also contribute to the analytical review of the implementation of the outcomes of major international conferences in the economic and social field and the achievement of the internationally agreed development goals, and make recommendations for policy adjustments where required.

49. At the national level, areas to which UNCTAD should give special attention in terms of their impact on development and the eradication of poverty include: macroeconomic and financial policies, and effective economic management; policies to enhance the productive capacity of developing countries and improve their ability to compete in the global economy, based on productivity growth with rising living standards; improved debt management; and

policies which create a positive relationship between the development of productive capacity, integration into the global economy, and the achievement of poverty reduction and human development. In this context, lessons should be drawn from both successful experiences and failures.

50. While there is a need for diversity in recommendations for national policies, UNCTAD should identify basic elements of sound macroeconomic policies, including financial, monetary and exchange-rate policies, which are conducive to an expansion of productive capacity and productivity and sustained growth. It should also carry out further research on industrial and development policies with a view to identifying the space for national policies and its optimal utilization. UNCTAD should also analyse the impact of international policies and processes on the scope for implementing national development strategies.

51. In examining successful and less successful experiences with policy reforms and making policy recommendations, UNCTAD should give special attention to both the economic and social dimension, in particular income distribution, social and human development, and poverty. The outcome of this work should be to assist developing countries in achieving macroeconomic stability, maximizing benefits from strategic utilization of foreign capital, encouraging domestic investment and technological progress, and strengthening domestic institutions.

52. In addition to its analytical work, UNCTAD should provide technical assistance and support developing countries in building national capacities in the areas of debt management, improvement of productive capacities, and participation in multilateral negotiating processes. Maximum synergy should be sought between analytical work and technical assistance.

53. UNCTAD should enhance its contribution in the areas of mainstreaming trade into the PRSP process. This calls for strengthened cooperation with the World Bank and other UN agencies.

54. UNCTAD's work on development strategies in a globalizing world economy should pay increasing attention to the problems of countries facing special circumstances, notably the trade and development problems of the African continent, in close cooperation with, and in support of, the New Partnership for Africa's Development (NEPAD).

55. UNCTAD should also address the special problems of LDCs, landlocked developing countries and small island developing States, as well as structurally weak, vulnerable, and small economies. In this context it should continue to focus on the causes for the decline in the share of LDCs in world trade and look for long-term solutions to this problem. Moreover, UNCTAD should explore the problems of countries with economies in transition in their efforts to integrate into the world economy.

## **Building productive capacities and international competitiveness**

56. The interaction of national and international rulemaking is particularly visible in the investment area. The proliferation of investment agreements at the bilateral, subregional, regional and plurilateral levels requires policymakers and negotiators from developing countries, as well as other stakeholders, to be as familiar with and as well informed as possible about the development implications of such agreements. The complexity of the issues at stake, as well as the sheer volume of matters that need to be considered, often strains the available resources in developing countries, both from a policy development and from an implementation and negotiation perspective. The challenge for the international community is to help build national capacity in developing countries, through policy analysis and human and institutional development, with a view to assisting these countries in participating as effectively as possible in international discussions and evaluating the implications of closer cooperation for their development policies and objectives.

57. Enhancing the contributions of investment flows will require consideration of the policies and actions that the home countries of TNCs and TNCs themselves can introduce to encourage sustained investment flows and stimulate economic growth and development. Home countries can assist in the collection and dissemination of information related to investment opportunities in developing countries, including through technical assistance and the organization of investment missions and seminars. They can also encourage technology transfer by providing assistance with a view to strengthening a host country's technological base and its capacity to act as a host to FDI and technology-intensive industries. Various forms of financial and fiscal incentives can be provided to outward investors or to support feasibility studies and environmental assessments. Home countries can also help mitigate risk, for example by providing investment insurance against risks that may not normally be covered through the private insurance market. The provision of official development assistance could enhance national savings and investment and act as an additional catalyst to attract FDI. Further analysis is needed to assess the effectiveness of various measures and to explore how the development impact of home country measures could be maximized. Such measures would not only help developing countries but also create new opportunities for investment and trade for home countries and their business community.

58. More international attention should also be given to the corporate responsibility of TNCs. The notion that corporations have responsibilities that go beyond their shareholders and extend to the societies in which they operate is widely accepted and was also recognized at the Johannesburg Summit on Sustainable Development. Corporate actors should play an important role in stimulating the economic development of host countries and in supporting social development and the competitiveness of local enterprises through technology transfer, supplier linkages and the provision of access to export markets and international production networks. While there are various voluntary international instruments in different areas, a more coherent effort by the international community, covering both economic and social dimensions, is needed in order to increase the direct contributions of TNCs to the advancement of development goals.

59. With rapid technological advances, the need for increased and diverse international assistance in the development and adoption of new technologies in developing countries has become critical. ICTs are expected to play a central role in the achievement of the goals of the Millennium Declaration in the areas of poverty reduction and gender equality. The UN ICT Task Force has identified the urgent need to increase assistance for developing countries in formulating ICT strategies as one of its priority areas of work. The plan of action of the World Summit on the Information Society (WSIS) considers the implementation of national e-strategies as one of the key areas for policy action to advance the information society in developing countries. It also calls for action to promote development-oriented ICT applications for all, in particular the use of ICTs by small and medium-sized enterprises (SMEs) to foster innovation, realize gains in productivity, reduce transaction costs and fight poverty. Thus, greater participation by developing countries needs to be ensured in international deliberations on ICT-related issues, such as the domain name system, e-commerce taxation and Internet governance.

60. The Johannesburg Summit specifically called for urgent action at all levels for transportation and communication infrastructure development and for an integrated approach to policy making at the national and regional level for transport services and systems. Multilateral lending for such projects should be greatly enhanced. In the area of transport and logistics services, there is a need to develop an adequate international legal framework that reflects recent developments in the way global logistics are organized. The lack of a uniform international regime has obliged Governments, including those of developing countries, to resort to solutions at the national, regional and/or subregional level, creating further fragmentation at the international level. Clearly maritime and container security issues will continue to be a priority subject for the international community in the years to come. The programme of Transport Security Action agreed by the G8 at its summit in Canada in 2002, the United States' security legislation, and the subsequent work within the International Maritime Organization (IMO) and the European Union demonstrate the importance the subject will have in the future. It is essential that a coordinated global approach be adopted to avoid the proliferation of diverse unilateral and regional standards and approaches and the resulting negative consequences. In this context, the review of the 1986 United Nations Convention on Conditions for Registration of Ships should be considered.

61. Improving competitiveness requires deliberate national policies to foster a systematic upgrading of domestic productive capabilities. Such policies cover a range of areas, including investment, enterprise development, technology, skill formation and infrastructure development. The effort is particularly important in connection with SMEs that face difficulties in accessing finance, information, technology and markets, which are all essential elements in becoming competitive. This requires establishing specific policies and programmes and appropriate institutional frameworks to support investment, technology and enterprise development, including through the provision of business development services. Efforts at harnessing national savings for productive investment should include policies to encourage domestic institutional investors to invest in productive sectors through the provision of support, investment guarantee schemes and fiscal benefits. Providing incentives for research and development, establishing an adequate framework for intellectual property

rights that is consistent with the country's level of technological development, and taking measures to develop the human resource base are important ingredients in a policy package.

62. For the potential of ICT to be fulfilled, an enabling environment, including adequate ICT infrastructure, human resources, informed citizens and policy makers, and a supportive legal and regulatory framework, must be put in place. This approach must be integrated and include the development of high-quality infrastructure, such as export processing zones (EPZs), science parks, logistics services and ICT. The formulation and implementation of national ICT strategies that deal effectively with the challenges of the new competitive environment must be particularly sensitive to three elements: firstly, the need for mechanisms to monitor and measure ICT readiness, use and impact; secondly, the need to incorporate a gender perspective at all levels of policy action; and thirdly, the need to link ICT policies to other development policies, in such areas as education, trade, investment and especially national science and technology policy, to allow for benefits from synergies between different elements and a more broad-based diffusion of ICT.

63. Another policy area that deserves equal attention is the development of efficient transport, communications and logistics services, which are strategic factors in building and maintaining enterprise competitiveness. For this, developing countries need to improve their physical infrastructure. Further, a comprehensive national approach is required to strengthen the use and development of trade and transport capabilities through institutional reform, public/private partnerships, adapting legal frameworks, streamlining administrative procedures, promoting the use of information and communication technology and developing managerial capacities. With regard to trade facilitation, Governments need to take steps to implement measures on the basis of internationally agreed rules, standards and recommendations. Coordinated trade facilitation measures are becoming increasingly important for enhancing efficiency, reducing transaction costs and maintaining supply capacities, particularly in the light of recent security considerations. Complying with new security regulations by putting in place the necessary procedures and equipment is a major challenge for developing countries. The implementation of transport security measures should be accompanied by necessary trade facilitation measures and thus provide both a more secure and more efficient trade environment for all international partners. In addition, particular attention is needed to mitigate locational handicaps of least developed, landlocked and small island developing countries.

### **UNCTAD'S contribution**

64. The objective of UNCTAD's work in this area should be to assist developing countries, in particular LDCs, to design and implement active policies for building productive capacity and competitiveness with a view to sustaining a high level of growth and promoting sustainable development. These policies should be based on an integrated treatment of investment, technology transfer and innovation, enterprise development and business facilitation (including transportation and the promotion of ICT).

65. UNCTAD should strengthen its work on investment, as well as technology and enterprise development, and – through policy analysis, technical assistance and capacity and consensus building – assist developing countries in policy formation and implementation in this regard. UNCTAD should pay particular attention to the international dimension, including rule-setting processes, with a view to identifying the opportunities for and obstacles to progress in economic development.

66. UNCTAD should continue its lead role in policy analysis of the impact of FDI on development and especially ways and means to maximize its benefits and minimize its costs through appropriate host and home country policies. It should collect and analyse data and conduct policy-oriented research on investment issues related to development, including the interaction of FDI and domestic investment; the interrelationship between ODA and FDI, and the impact of FDI on industrialization and local entrepreneurship; the role of FDI in infrastructure development and export capacity building; and human resource development and linkages between foreign and domestic firms. It should also assist developing countries in ensuring that their international commitments do not jeopardize their ability to use national policies to build productive capacity and international competitiveness.

67. UNCTAD's analytical work should draw lessons from successful experiences with the transfer and diffusion of technology through FDI and other channels with a view to supporting efforts by developing countries, in particular LDCs, to respond to technological changes and develop policy instruments that facilitate technology transfer and build domestic innovative capacity. To that end, UNCTAD should examine the special problems that LDCs and African countries face in building productive capacities, especially how the risks associated with investing in these countries can be reduced and how to ensure the contribution of investment to increasing competitiveness, diversifying products and markets, and helping to create and exploit niche advantages.

68. UNCTAD should support efforts of developing countries to attract and benefit more from FDI, including by helping them to formulate and implement investment policies in line with their development strategies. Investment policy reviews and their follow-up, as well as assistance for national investment promotion agencies, can play a special role in this connection.

69. UNCTAD should assist, including by formulating special programmes, African countries and LDCs in attracting and benefiting more from FDI, including through advisory services supplied in partnership with the private sector.

70. UNCTAD should disseminate best practices in respect of linkages between SMEs and TNCs with a view to increasing the benefit of FDI and enhancing the international competitiveness of developing countries' enterprises.

71. UNCTAD should assist developing countries, especially LDCs, in formulating and implementing policies to encourage the transfer of technology and the creation of domestic innovative capacity.

72. UNCTAD should examine the development implications of international investment arrangements at various levels with a view to maximizing their contribution to development. UNCTAD should continue to provide a forum for exchange of experiences and consensus building on the formulation of international arrangements, with a view to promoting the development dimension in those arrangements. This work should include a further clarification of the key issues at stake and a review of experience in implementing international commitments.

73. UNCTAD should provide policy analysis and compile inventories of best practices in home country measures to encourage investment flows to developing countries, particularly LDCs. It should also develop and implement related technical assistance and capacity building activities to help developing countries take advantage of those home country initiatives.

74. UNCTAD should provide policy analysis on ways and means to promote corporate responsibility in respect of economic as well as social development of host countries, taking into account existing international initiatives in this area. It should develop and maintain a database of good corporate practices, especially as far as the development dimension is concerned, with a view to promoting and disseminating those best practices.

75. UNCTAD should strengthen its assistance to developing countries, particularly LDCs, in human capacity building and institution building in the area of investment and technology transfer, so as to ensure their effective participation in international rule-setting at all levels and ensure that development concerns are taken into account. UNCTAD should also identify ways and means to operationalize technology transfer clauses in existing international agreements, and assist developing countries in maximizing the potential benefits of those agreements.

76. UNCTAD should continue to undertake research and analysis in areas of trade facilitation, transport and related services of interest to developing countries and assist them in establishing an appropriate framework for policy action in the area of transport. It should also serve as a forum for an exchange of views and experiences on issues such as trade facilitation, transport security, registration of ships and multimodal transport in order that development objectives be given proper consideration when deciding on new frameworks. The work should proceed through close cooperation with other intergovernmental and United Nations organizations involved in the preparation of global legal instruments affecting international trade and transport. With regard to security issues, UNCTAD, in consultation with IMO, ILO and the World Customs Organization (WCO), should follow developments in the new multilateral security framework, analyse the impact of security measures on developing countries, facilitate the exchange of views and experiences among interested parties, and formulate linkages with trade and transport facilitation in order to help build an efficient and secure trade environment. UNCTAD should, through its technical cooperation programmes, such as the Automated System for Customs Data (ASYCUDA) and the Advance Cargo Information System (ACIS), and training, assist developing countries in their efforts to build their transport capacities and thus enhance the competitiveness of their national enterprises.

77. UNCTAD should monitor and analyse developments in ICT in terms of their implications for productivity, business organization, export competitiveness, key sectors with e-business potential, and the gender dimension, with a view to providing policy makers in developing countries with an analytical and empirical basis for taking the appropriate decisions in the field of ICT and e-commerce.

78. UNCTAD should assist developing countries in formulating and implementing national ICT policies and strategies, including developing mechanisms for monitoring and measuring digital economy developments and ICT use in their countries, as well as providing a forum for developing countries to discuss ICT-related policy issues, exchange of experience and best practices.

79. UNCTAD should support the efforts of developing countries in developing e-business in sectors of economic importance and with export capacity, through a mix of sector-specific policies, training programmes and deployment of ICT tools, taking into account the need for different policy mixes to respect local and national specificities.

80. UNCTAD should continue providing a forum for developing countries to discuss ICT-related policy issues at the regional and international level. It should assist developing countries to participate actively in international discussions that are likely to have an influence on the development of ICT and the knowledge economy and contribute to the implementation of the WSIS Plan of Action, in particular through monitoring the progress made between the two phases of the summit. In implementing this work, UNCTAD should work in close collaboration with the relevant international organizations.

### **Assuring development gains from the international trading system and trade negotiations**

81. Meaningful reform in agriculture is key to successfully concluding the multilateral trade negotiations launched at Doha. Without prejudging the outcome of the negotiations, actions should be taken to achieve substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support. Special and differential treatment for developing countries shall be an integral part of the negotiations such that developing countries can effectively take account of their development needs, including food security and rural development.

82. Market access liberalization on non-agricultural products under the Doha Work Programme is important to development. Negotiations should aim to reduce or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries, with comprehensive product coverage without a priori exclusions, and fully taking into account the special needs and interests of developing and least-developed country participants, including through less than full reciprocity in reduction commitments.

For developing countries that have benefited from textile quotas, adjustment support is needed to enhance competitiveness and diversification.

83. All services sectors play a role in a country's development. The liberalization of services sectors and modes of supply of export interest to developing countries, including the temporary movement of natural persons, is a key objective, supplemented by improved access to technology, financial services, information networks and marketing channels. The concerns of developing countries about the social dimension of services must be taken into account, including in connection with the universal provision of essential services in sensitive sectors such as health, education, utilities, transport and audiovisual services.

84. Voluntary standards and technical regulations must be developed transparently and applied non-discriminatorily, and should otherwise not pose unnecessary obstacles to trade. Developing countries should be provided with technical assistance and capacity building support to effectively meet such standards.

85. In addition, consideration should be given to ensuring that developing countries have adequate financial and technical resources to implement multilateral trade agreements and meet adjustment and social costs.

86. S&DT provisions should be conceived as a developmental tool that is more precise, effective and operational. The agreement-specific S&DT proposals put forward by developing countries should receive special attention.

87. Expeditious progress is required to meet the key priorities for the LDCs, including widening the country coverage of bound, duty-free and quota-free access to developed country markets; assistance in addressing difficulties faced in meeting rules of origin, as well as product and environmental standards in preferential schemes; as well as technical assistance and capacity building generally. The DWP on small economies should continue with a view to achieving concrete measures and actions.

88. Obligations that developing countries are asked to assume in the process of accession to WTO should be consistent with their developing country status. WTO Members should fully and faithfully implement the guidelines on LDC accession to the WTO that were adopted by the WTO General Council on 10 December 2002.

89. Positive measures to mitigate the negative impact of the erosion of preferences should be put in place, notably through enhancement of the utilization and predictability of preferential schemes and providing technical assistance to meet various standards and to raise awareness among entrepreneurs with regard to making use of trade preferences.

90. The international community should assist developing countries in developing human, institutional and regulatory capacities and infrastructures for effective, informed and beneficial participation in the multilateral trading system and for effective negotiations on international trade and related areas, and adequate resources should be made available for these purposes.

91. A concerted focus should be put on the difficulties faced by commodity-dependent developing countries. Efforts by developing countries to restructure and diversify their commodity sectors, including through local processing, should be supported by technical and financial assistance, including by strengthening capacity and institutions, both in the public and private sectors. Compensatory financing systems should be reviewed with a view to making them more predictable and simpler to implement, including through the possible use of modern risk management and risk sharing instruments. The suggestions by the Meeting of Eminent Persons on Commodity Issues (TD/B/50/11) should be seriously followed up. Support for commodity development projects under the Second Account of the Common Fund for Commodities should be strengthened.

92. International discussions and negotiations on trade and the environment should be guided by a development-oriented approach, focusing on making compatible legitimate environmental/health requirements and the need of developing countries to expand exports and strengthen their competitiveness. Subsidies which are both trade-distorting and environmentally damaging should be removed as a matter of urgency; protecting, preserving and promoting traditional knowledge, innovation and practices, and biological resources of developing countries should receive adequate attention; and support should be provided to developing countries in devising and implementing proactive policies that improve access of environmentally friendly products to developed country markets and facilitate market penetration/entry.

93. Developing countries need to establish competition laws and frameworks best suited to their needs and stage of development, complemented by technical and financial assistance for capacity building, to help build supply capacity, promote competitiveness and ensure efficiency and welfare gains. At the international level, home countries and their TNCs should take expeditious and effective measures to dismantle anti-competitive structures and practices, and intensify collaboration with developing countries to help their producers and enterprises take advantage of trade liberalization.

94. Developing countries need technical and financial assistance for capacity building in the field of competition laws and frameworks. Efforts should be made to prevent and dismantle anti-competitive structures and practices at the international level.

95. Work on trade, debt and finance should continue with a view to exploring in a systemic way linkages between the trade and trade-related concerns and interests of developing countries and debt-relief measures.

96. Trade policies of developing countries should be aimed at impacting positively on the reduction of poverty and of gender inequality. Increases in export value added, enhanced diversification, increased local content and knowledge content, the creation of employment, food security, traditional knowledge and access to essential services should be means to these ends. In implementing national trade and trade-related policies, the developing countries need to pursue a strategic and appropriately sequenced approach to liberalization, and to carefully identify key sectors for export development.

97. The international community should put in place the necessary policy instruments and support measures to complement national efforts of developing countries to foster, protect and promote creative industries and traditional knowledge of developing countries.

98. Developing countries should make fuller use of regional and subregional trade and economic cooperation to enhance trade and investment flows and improve transport infrastructure to reduce costs and increase trade flows. Development partners should provide adequate support and assistance to promote South-South trade and economic cooperation. The revitalization of the Global System of Trade Preferences among Developing Countries (GSTP) should be an important priority.

99. Negotiations on transport within the framework of GATS and the United Nations Commission on International Trade Law (UNCITRAL) need to incorporate the concerns and interests of developing countries. Policy responses need to go beyond market access and focus on the creation and long-term sustainability of supply capacities in the field of transport in developing countries. Developing countries should be provided with increased financial and technical assistance to continue their efforts at removing procedural and institutional bottlenecks to reduce transaction costs through the implementation of transport and trade efficiency measures, and improving standards and quality control.

#### **UNCTAD's contribution**

100. UNCTAD should continue to monitor and assess the evolution of the international trading system, analyse main trends relating to issues of concern to developing countries, help consensus and confidence building, and help develop capacities to negotiate trade agreements, including under the Doha Work Programme, to formulate trade and trade-related policies and options, and to strengthen human, institutional and regulatory frameworks and infrastructure.

101. In order to achieve the preceding objectives, UNCTAD should strengthen the implementation of the Bangkok Plan of Action in the field of trade. In particular, UNCTAD should undertake research and analysis, and convene sectoral reviews, to assist Governments gain a better understanding of the economic potential of building greater export capacity and competitiveness in dynamic sectors of world trade for which volumes of exported goods grow faster than world goods exports as a whole, with particular emphasis on value-added manufacture sectors.

102. UNCTAD should further enhance support to developing countries in the formulation, implementation and review of national trade policies with a view to maximizing the development benefits of trade; and monitor and analyse the impact of developed countries' trade and trade-related policies on developing countries. In particular, UNCTAD should further elaborate development benchmarks to assess how effectively developing countries are integrating into, and deriving an equitable share of benefits from, the international trading system.

103. Special emphasis should also be placed on policy analysis on the implications of regional and bilateral trade agreements for the multilateral trading system and for developing countries, including in relation to national development policies and for third parties. In this context, UNCTAD should examine and monitor the interface between the MTS and bilateral and regional trade agreements, including in respect of S&DT for developing countries in North-South trading arrangements. UNCTAD's work should help develop and promote deeper regional integration, and strengthen relations with regional integration bodies.

104. UNCTAD should undertake further work on trade preferences, provide policy advice on simplification of administrative procedures, rules of origin and improvement of product coverage, and address the issue of erosion of preferences. UNCTAD should also continue to support the revitalization and greater utilization of the Global System of Trade Preferences among Developing Countries, taking into account the special needs of LDCs, through its analytical and capacity building work.

105. UNCTAD should provide support to developing countries and countries in transition prior to, during, and in the follow-up to their WTO accession process.

106. UNCTAD should also assist developing countries in strengthening their capabilities to increase their beneficial participation in global services trade. This is particularly the case in the new and emerging fields of information communication technology, but also in the traditional areas of services such as construction, health and health care, and tourism. UNCTAD should examine issues in Mode 4 related to commercially meaningful liberalization through higher levels of commitments and the reduction of restrictions and administrative impediments; and strengthen analytical work on GATS rules and domestic regulation.

107. UNCTAD should undertake analysis on the strengthening of the development dimension in rule-making on intellectual property and TRIPS, including effective transfer of technology to developing countries; protection of traditional knowledge, genetic resources, and folklore; and fair and equitable benefit sharing.

108. UNCTAD should continue to monitor developments in commodity markets and provide information on these markets; assist developing countries in formulating strategies addressing links between international commodity trade and national development, including poverty reduction and food security; analyse factors and policy issues influencing the commodity sector's competitiveness, including ways to meet quality and other product requirements in export markets and ensure a more equitable distribution of revenues along the supply chain; support the development of capacity for applying modern commodity price risk management and financial instruments; and follow-up, as appropriate, on the recommendations addressed to UNCTAD in the report of the Meeting of Eminent Persons on Commodity Issues.

109. UNCTAD should analyse mechanisms to mitigate the consequences of commodity price fluctuations and earnings shortfalls, including through user-friendly and operational

compensatory financing schemes, and investigate the possibilities for financial support to diversification efforts.

110. UNCTAD should undertake research, analysis and advisory work on creative industries, the contribution that exports can make to national development, and the policies necessary for a supportive enabling environment. It should provide a multi-stakeholder forum for the discussion of issues and coordination of work in these industries, and convene sectoral reviews for the sharing of experiences and knowledge among developing countries.

111. UNCTAD should support developing countries in analysing appropriate linkages between trade and poverty, and trade and gender, and provide technical assistance and capacity building support thereon.

112. UNCTAD should continue to serve as a forum for clarifying issues relating to investment, competition policy and trade facilitation, with a view to creating a wider understanding of their development dimension, including their impact on the trade, financial and development needs and priorities of developing countries.

113. UNCTAD should continue to provide technical assistance and capacity building support to developing countries on issues at the interface between trade and environment, such as market access and agriculture, traditional knowledge, transfer of environmentally sound technology, promotion of trade in environmentally preferable goods and services (EPGS), including issues concerning eco-labelling and certification costs. It should strengthen work on the BIOTRADE Initiative and the UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF); and follow-up on trade-related issues contained in the implementation of the Johannesburg Plan of Implementation.

114. UNCTAD should further strengthen analytical work and capacity building activities to assist developing countries to articulate and adopt competition law and policies, and to deal with restrictive business practices; and continue substantive work under the Intergovernmental Group of Experts on Competition Law and Policy.

115. UNCTAD should contribute to the analysis of the linkages between trade and trade-related interests of developing countries, financial flows and debt-relief.

116. In its intergovernmental machinery, UNCTAD should examine policy proposals and regulatory regimes relating to transport and trade facilitation, thereby assisting developing countries in formulating policy measures to build their transport supply capacities and to assist traders to take advantage of transport opportunities; analyse the implications of the ongoing developments, and provide advice and assistance to developing countries in relevant negotiations affecting international trade and transport, including those within UNCITRAL; and provide technical assistance to landlocked developing countries, highly indebted poor countries and small economies to improve the availability and efficiency of infrastructure facilities to support trade.

117. UNCTAD should contribute, as an institutional stakeholder, to the implementation and monitoring of the outcomes of major UN summits and conferences (Millennium Declaration, Brussels Plan of Action, Johannesburg Plan of Implementation, Monterrey Consensus, Barbados Programme of Action, Almaty Plan of Action), insofar as trade and trade negotiations and interrelated issues are concerned. It should strengthen collaboration and cooperation with WTO and other international organizations such as the UN regional commissions, IMF, World Bank, UNDP, UNIDO. UNCTAD's contribution to the Integrated Framework for Trade-Related Technical Assistance to the Least Developed Countries and the Joint Integrated Technical Assistance Programme for Selected Least Developed and Other African Countries (JITAP) should be strengthened.

### **Partnership for development**

118. Partnerships should be of benefit to as many developing countries as possible from all geographical regions, taking into account their national policies and strategies. Attention should also be paid to regional integration and other aspects of South-South cooperation, Africa and LDCs. Partnerships should rely on the resources brought in by the partners and should not affect the resources allocated to regular budget activities. There should be truly multi-stakeholder arrangements, open to all those interested, whether Governments, NGOs, the private sector, academic institutions, parliamentarians, or other international organizations of the UN system. Particular attention should be paid to collaboration with the Bretton Woods institutions, UNDP, UNEP, UNIDO, and ITC. The positive experience of the Integrated Framework for Trade-related Technical Assistance to Support LDCs in their Trade and Trade-related Activities (IF) and JITAP should be borne in mind. The UN guidelines on relations with the private sector should be followed. The emphasis should be on the quality and long-term viability of the partnerships, rather than on quantity.

### **UNCTAD's contribution**

119. UNCTAD should make its relationship with civil society, in particular NGOs and academic circles, the private sector and other organizations of the UN system, more systematic and better integrated with intergovernmental processes. The objective should be to enhance the value added and the result orientation of this cooperation for the benefit of UNCTAD's work and that of member States. Cooperation with NGOs and parliamentarians could aim *inter alia* at enhancing their advocacy role in support of international cooperation for development. Interaction with academic institutions could be of benefit both to these institutions and to UNCTAD through sharing of the outcomes of their analysis and research, relevant studies and knowledge, and by integrating UNCTAD courses into the curricula of such institutions.

120. UNCTAD should make maximum use of the experience of the United Nations in this respect, in particular that of the World Summit on Sustainable Development and its follow-up process. The pragmatic and practical dimension of the relationship with civil society, the

business sector and parliamentarians, as well as with other organizations of the UN system, should receive priority attention.

121. In building partnerships, the UNCTAD secretariat is guided by the criteria and principles agreed to by member States in the preparatory process for and the follow-up to the World Summit on Sustainable Development (E/2003/29). Partnerships should follow the substantive policy framework defined by intergovernmental decision. They represent specific commitments by various partners intended to contribute to and reinforce – and not substitute for – the implementation of the outcomes of the intergovernmental negotiations of UNCTAD XI. They will also help achieve related internationally agreed objectives and commitments, including the Millennium Development Goals.

122. The Trade and Development Board will arrange for half-day informal hearings with non-State actors to allow them to express their views on the issues before the Board. The outcome of the informal hearings will be summarized by the secretariat for submission as an input into the discussions of the Board. Participation will be based on the procedure applied for the participation of civil society and private sector organizations during the preparatory process of the Conference. Efforts should be made, including through dedicated extrabudgetary contributions, to ensure effective representation and more active participation in such hearings of civil society from developing countries.

123. The involvement of civil society in the work of the Commissions and Expert Meetings should continue, in accordance with the rules adopted by the Trade and Development Board for this purpose, including through joint meetings and the organization of discussion forums on issues to which multi-stakeholder dialogue is relevant.

124. Partnerships in the areas of ICT for development, commodities, investment, and capacity building and training, including training and academic institutions, will be launched at the Conference.

125. The Trade and Development Board will review the implementation of partnerships, on the basis of a report by the secretariat, with a view to sharing lessons learnt, progress made, best practices, and basic information on the partnerships, and it will assess their contribution to the implementation of the outcome of UNCTAD XI.