United Nations TD<sub>/B/57/6</sub>



Distr.: General 14 July 2010

Original: English

#### **Trade and Development Board**

Fifty-seventh session
Geneva, 15–28 September 2010
Item 9 of the provisional agenda
UNCTAD's contribution to the implementation of and follow-up
to the outcomes of the major United Nations conferences
and summits in the economic and social fields

# Progress made in the implementation of the outcomes of the major United Nations conferences and summits, and UNCTAD's contributions

Note by the UNCTAD secretariat

#### Executive summary

Pursuant to General Assembly resolution 50/270B and paragraph 179 of the Accra Accord, UNCTAD should contribute to the implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic, social and related fields, as well as to the achievement of the internationally agreed development goals, including the Millennium Development Goals (MDGs). This document provides a brief review of the progress made in the relevant thematic areas and UNCTAD's contribution thereto.

#### TD/B/57/6

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#### Introduction

- 1. The General Assembly, in its resolution 57/270 B, stressed the need to make maximum use of existing United Nations mechanisms for the purpose of reviewing the implementation of commitments made within the United Nations system in key areas of development (para. 27). In this regard, it invited the Trade and Development Board to contribute, within its mandate, to the implementation and to the review of progress made in the implementation of, the outcomes of the major United Nations conferences and summits, under its relevant agenda items.
- 2. The twelfth United Nations Conference on Trade and Development (UNCTAD XII), held in Accra, Ghana, in April 2008, agreed that: "UNCTAD, within its mandate, should make a contribution to the implementation and follow-up to the outcomes of relevant global conferences. It should continue to contribute to the achievement of the internationally agreed development goals, including the Millennium Development Goals... It should also contribute to furthering the implementation of the internationally agreed goals in the Doha Ministerial Declaration and other relevant decisions" (Accra Accord, paras. 11 and 179).
- 3. This note contains a review by the UNCTAD secretariat of progress made in the implementation of the outcomes of the major United Nations conferences and summits and the contribution of UNCTAD in this respect.

#### I. International trade

4. The important role of international trade in the promotion of economic development and the alleviation of poverty is explicitly recognized in the outcomes of major United Nations conferences and summits. These include the United Nations Millennium Declaration and the associated Millennium Development Goals, the World Summit Outcome, the Monterrey Consensus on Financing for Development, the World Summit on Sustainable Development, the Brussels Programme of Action for Least Developed Countries, the World Trade Organization (WTO) Doha Ministerial Declaration, the Accra Accord of UNCTAD XII and the outcome of the United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development. The outcome of these conferences and summits have in particular underlined a commitment of the international community to an open, equitable, rule-based, predictable and non-discriminatory multilateral trading and financial system.

#### A. Progress made

5. The contraction of world merchandise trade observed during the end of 2008–2009, consequent to the global financial and economic crisis, affected severely virtually all countries and all products, with significant variations across countries, especially developing countries, and products. The contraction in trade in 2009, by about 12.2 per cent as forecasted by UNCTAD and other international organizations, far exceeded that in output (2.2 per cent), and was the largest in the post-war period. The slump in world trade curtailed a period of dynamic growth in world trade, especially by developing countries led by emerging economies. It appears that the recession has bottomed out and a recovery is underway, but it remains fragile, highlighting the need for continued national and international recovery and resilience building measures.

- 6. Particular attention under the intergovernmental pillar of UNCTAD's work was placed on assessing the impact of the global financial and economic crisis on trade flows, and identifying successful strategies to mitigate it and foster sustainable and development. These issues were addressed, for example, at the first and second sessions of the Trade and Development Commission (11–15 May 2009 and 3–7 May 2010), and the Trade and Development Board (14–25 September 2009).
- 7. UNCTAD's Multi-year Expert Meeting on Services, Development and Trade: The Regulatory and Institutional Dimension made important contributions to building international consensus on efficient and accessible infrastructure services for sustaining economic growth, catalyzing diversification, increasing trade and achieving the MDGs.
- 8. UNCTAD's policy and technical analyses on international trade issues examined policies and strategies for bringing about structural transformation in production, consumption and trade patterns that can be economically, and environmentally sustainable. For example, UNCTAD's Trade and Environment Review 2009/2010 pioneered fresh thinking on promising areas of clean growth strategies pertaining to enhancing energy efficiency.
- 9. UNCTAD provided substantive inputs into the preparation of joint reports with other agencies on contemporary trade issues. For example, the *Tariff Profiles 2009* produced jointly by UNCTAD-WTO-International Trade Centre (ITC), and the *World Economic Situation and Prospects 2010*, by the United Nations Department of Economic and Social Affairs (DESA), UNCTAD and United Nations regional commissions.
- 10. Also as a member of the Inter-Agency and Expert Group on MDG Indicators (IAEG) of the United Nations Secretariat, UNCTAD, together with WTO and ITC, provided data and analysis for the update of MDG 8 indicators on Market Access. The proportion of total developed country imports from developing countries as a whole, and from LDCs in particular, admitted duty free, continued to improve.
- 11. UNCTAD's analytical outputs included the development and dissemination of databases and analytical tools. At the end of 2009, over 37,000 users were registered for the joint UNCTAD/World Bank "World Integrated Trade Solution" (WITS), together with the UNCTAD's "Trade Analysis and Information System" (TRAINS). Training on databases were provided to academic institutions in various countries including in Belgium, Colombia, Germany, Peru, Russian Federation, Macao (China), Republic of Korea, Switzerland, Syrian Arab Republic, Thailand, Turkey, United States and Uruguay.
- 12. Substantive support was provided to the African Group, Least Developed Countries (LDCs) Group, and African, Caribbean and Pacific (ACP) Group of States as well as individual countries in their participation in the Doha Round negotiations and in the preparations for the Seventh WTO Ministerial Conference. Assistance was also provided to countries acceding to WTO, including Algeria, Azerbaijan, Belarus, Bosnia and Herzegovina, Comoros, the Islamic Republic of Iran, the Lao People's Democratic Republic, Sao Tome and Principe, Sudan, the Syrian Arab Republic and Yemen. India, China and Papua New Guinea were assisted in strengthening their knowledge and skills on dispute settlement in international trade, investment and intellectual property.
- 13. UNCTAD supported progress in the Third Round of GSTP negotiations with the adoption of modalities for tariff cuts in intra-group trade by Ministers of participating developing countries on 2 December 2009.
- 14. In accordance with the Accra Accord, UNCTAD's trade-related work also focused on international transport costs and the oil price, liner shipping connectivity, merchant fleet

and seaborne trade and fleet developments, inland transport and transit trade for landlocked developing countries (LLDCs) and transit developing countries, maritime and supply-chain security, public-private partnerships, the implementation of internationally-agreed rules and standards, and legal issues affecting the trade and transport of developing countries and issues concerning the mitigation and adaptation to climate change. Key contributions include an empirical investigation entitled *Oil Prices and Maritime Freight Rates*, the quarterly *Transport Newsletter* and the 2009 *Review of Maritime Transport (RMT)*. The RMT 2009 included a special focus on trade and transport developments in Africa. The 2009 edition of the *Review* also included a detailed analytical overview of the complex provisions of an important new *United Nations Convention on Contracts for the International Carriage of Goods Wholly or Partly by Sea (Rotterdam Rules)*, with a view to assisting governments, in particular in developing countries, in considering the merits of ratification.

- 15. As to the climate challenge, UNCTAD is paying particular attention to the important issue of impacts and the adaptation in transport which, so far, has received limited attention but is of particular importance to developing countries and the most vulnerable countries such as LDCs and Small Islands Developing States (SIDS); climate change adaptation is a crucial component of development strategies and essential to the attainment of the MDGs.
- 16. The Automated System for Customs Data (ASYCUDA) Programme has continued to provide extensive training to national experts. For example, the implementation of ASYCUDA in the Afghan Customs Department, as a component of the trade facilitation strategy implemented by UNCTAD in Afghanistan has resulted in the computerization of customs operations on five main transit corridors (with the Islamic Republic of Iran, Pakistan, Tajikistan, Turkmenistan and Uzbekistan). It should be noted that the introduction of ASYCUDA has resulted in a reduction of the customs clearance time for trucks from 428 minutes to around 90 minutes, and an increase of the customs revenue by almost 700 per cent. It has also strengthened the capacity of the Afghan Customs Department to deliver much better and more transparent services through full electronic processing of customs documents and extensive training of Customs staff and trade operators.

#### II. Commodities

The 2005 World Summit emphasized "the need to address the impact of weak and volatile commodity prices and support the efforts of commodity-dependent countries to restructure, diversify and strengthen the competitiveness of their commodity sectors" (General Assembly resolution 60/1, para. 33). At the same time the Monterrey Consensus stated that "multilateral assistance is also needed to mitigate the consequences of depressed export revenues of countries that still depend heavily on commodity exports" (para. 37). The General Assembly, in its resolutions 61/190 and 63/207 also recalled the MDGs and the other internationally agreed development goals related to commodities. While General Assembly resolution 61/190 reiterated "the importance of maximizing the contribution of the commodity sector to sustained economic growth and sustainable development, while continuing with diversification efforts in commodity-dependent developing countries", its resolution 63/207 took also note of the Accra Accord adopted at UNCTAD XII as far as the part related to commodities is concerned. Furthermore, the negative impact of the global economic crisis on the commodity economy was recognized by General Assembly resolution 64/192, and the need to address excessive commodity price volatility was also underscored.

#### A. Progress made

Commodities remain the mainstay of most developing countries' trade and continue to generate most of their export earnings. The strategic importance of commodities for commodity-dependent countries notwithstanding, many factors continue to undermine their effective exploitation of the full potential offered by the commodity sector. A key consideration, in this respect, is commodity price volatility and its effect on commoditydependent countries' trade and development. In 2009, price developments in commodity markets were strongly impacted by the global financial crisis and the subsequent economic downturn, as well as the counter-cyclical fiscal and monetary measures, including the various "stimulus packages" introduced in many countries, developed and developing alike. Other factors influencing commodity prices include the "financialization" of commodity markets and the high unpredictability brought about by changing weather conditions, as these transmitted into prices of agricultural commodities. By mid-2010, the nascent global economic recovery had impacted the commodity markets, with commodity prices reversing the 2009 trend and moving upward. While this has benefited commodity exporters, the impact on commodity importing countries is obviously more negative. Nevertheless, a recovery in prices alone is not sufficient to address problems that continue to undermine the development of the commodity sector in many developing countries. A broader strategy aimed at ensuring sustainable commodity prices while addressing key underlying structural, economic and regulatory bottlenecks is of the essence.

#### **B.** UNCTAD's contribution

- 19. UNCTAD has implemented a broad range of activities with a view to addressing some of the important issues of the current debate on commodities and their role as an engine of growth for trade and development. This involves looking at a broad range of issues, but more importantly at the main challenges facing commodities in many developing countries. Elements identified as requiring priority attention include (a) the need to diversify and strengthen the competitiveness of the commodity sector in developing countries to ensure a better integration into value chains; (b) the importance of trade-related policies necessary to tackle commodity problems including through supply chain finance, warehouse receipt systems, and price risk management; (c) the role of commodity exchanges and information technology, statistics and electronic portals (Infocomm) of commodity profiles containing information on all aspects of commodity markets; (d) the promotion of transparency and linkages between the extractive industries and the national economy.
- 20. A Global Commodities Forum (GCF) was held in Geneva 22–23 March, 2010. It was organized by UNCTAD and co-sponsored by the Common Fund for Commodities (CFC) and the State Secretariat for Economic Affairs (SECO) of the Swiss Federal Department of Economic Affairs (FDEA). Over a period of two days, over 50 speakers presented papers and presentations at the GCF, contributing to an important debate on commodity production, markets, trade, finance other related key issues, and on how to tackle the challenges hindering the further development of the global commodity economy.

#### III. Investment and enterprise development

21. The Monterrey Consensus emphasizes the vital role of private international capital flows, particularly foreign direct investment (FDI) in national and international development efforts. The Johannesburg Plan of Implementation notes the role of FDI in achieving sustainable development. The World Summit outcome reiterates the resolution of

world leaders "to encourage greater direct investment, including foreign investment in developing countries and countries with economies in transition to support their development activities and to enhance the benefits they can derive from such investments" (para. 25), while also making commitments in related policy areas such as private sector development (23(e)), good governance to promote small and medium-sized enterprise (SME) development (24(a)), and corporate responsibility and accountability (24(c)). In 2008, the Doha Declaration on Financing for Development reaffirmed the goals and commitments of the Monterrey Consensus, and emphasized the role of FDI as a "vital complement to national and international development efforts" (para. 23).

#### A. Progress made

- 22. The global financial crisis brought to an end the recent four-year growth cycle in global FDI. According to UNCTAD estimates, global FDI flows fell by 39 per cent from \$1.7 trillion in 2008 to about \$1 trillion in 2009. The decline in FDI was widespread with FDI flows to developing and transition economies, which were resilient to the crisis in 2008, declining in 2009 (35 per cent and 39 per cent, respectively). The current situation in developing countries contrasts widely with the six years of uninterrupted growth characterizing the majority of these countries before 2009. This is particularly worrying for the most vulnerable economies, where in addition to official development assistance (ODA), FDI has been an important source of funding over the past two decades. In particular, FDI flows to Africa's 33 LDCs suffered a major decrease in 2009 due to a crisis-induced lull in the global demand for commodities, which is a major driver for FDI in these economies.
- 23. The impact of the crisis on FDI prospects also differed widely among industries, depending on activities. Business-cycle-sensitive industries, such as chemicals and other intermediate goods, professional equipment and the automobile industry have been severely affected, while agro-food, pharmaceuticals and services in general have been more resilient.
- 24. However, the impact of the crisis tends to ease progressively according to the latest available data: worldwide FDI flows remained relatively stable in the third and fourth quarters of 2009, with better prospects for the first half of 2010. UNCTAD recently stressed that government policies regarding the current crisis could have double-edged effects. While the majority of these policies may promote and facilitate FDI, some policies such as increased screening requirements and new limitations of foreign equity may work against renewed flows. Therefore, UNCTAD analysis indicates that it is still premature to say that FDI is now on a strong rebound.
- 25. International investment rulemaking continues to remain a cornerstone of countries' efforts to attract and benefit from FDI, resulting in an ever-growing universe of increasingly complex international investment agreements (IIAs). In 2009, 128 new agreements were concluded, bringing the total number of all investment-related agreements to 5,882 at the end of the year. As of end of March 2010, a further 73 economies had concluded 37 IIAs. At the same time, several countries embarked on a review of their IIAs and related investor–State dispute settlement systems. International investment rules have helped avoid a slide-back into protectionism and beggar-thy-neighbour policies as countries all over the world were struggling to face the effects of the global economic and financial crisis.

- 26. UNCTAD's Investment, Enterprise and Development Commission is the only intergovernmental body within the United Nations dealing with investment and investment-related issues. Its second session, expressed concern about the impact of the food, financial and economic crises on sustainable development and the uneven progress towards achievement of some of the internationally agreed development goals (IADGs), including the MDGs. In this context, the UNCTAD Secretariat was asked to actively pursue its mandate on investment related issues so as to help developing countries achieving sustained growth and development.
- 27. The Commission also addressed the issues of transparency and simplification of administrative procedures. Member States stressed that "enhancing administrative efficiency is an important element for business facilitation, as well as for building the necessary infrastructure to achieve the IADGs, including through public and private investment" and encouraged UNCTAD to further install its i-Portal.
- 28. For 20 years, the *World Investment Report* (WIR) provided a vehicle for analysing the impact of FDI on development, thereby contributing to the implementation of the Monterrey Consensus. This year's WIR addressed the issue of investment in agriculture. One of its main conclusions was that transnational corporations (TNCs) could play a more significant role in agricultural production, but that care should be taken to avoid any negative impact of foreign investment.
- 29. Building on the WIR and responding to the mandate of the General Assembly resolution A/RES/64/192, and the Declaration of the Food and Agriculture Organization of the United Nations (FAO) World Food Summit UNCTAD has in partnership with FAO, IFAD and the World Bank Group elaborated a set of principles for responsible investment in agriculture. At the request of its member States, UNCTAD will continue its work on these principles with the aim of achieving their adoption as a global industry standard. Other policy oriented research included reports on the impact of the current global financial crisis on global FDI flows, South–South FDI, public investment, FDI and climate change. Two new core products were launched: the quarterly Global Investment Trends Monitor, which provides a timely periodic assessment of global FDI trends and prospects, and the Investment Policy Monitor, that reports on national and international investment policies were launched.
- 30. The Monterrey Consensus stresses that to attract and enhance inflows of productive capital, countries need to continue their efforts to achieve a transparent, stable and predictable investment climate. In this context, UNCTAD developed an inventory of best practices in investment for development. In addition, UNCTAD's Investment Policy Reviews (IPRs) and their follow-up activities are designed to maximize the benefits of FDI in client countries by improving the regulatory, institutional and operational aspects of clients' investment frameworks. To date, UNCTAD has completed 29 IPRs, almost half of them for LDCs, and more than 120 reforms called for by theses IPRs have been successfully implemented. Six investment guides, which provide accurate and up-to-date information on key emerging investment opportunities in participating countries are currently being finalized.
- 31. UNCTAD continued to assist governments in investment promotion and facilitation. Assistance took the form of the preparation of new volumes of the Investment Advisory Series, the provision of advisory services on investor targeting strategies, investment retention and institutional support, as well as the delivery of workshops and study tours for some 300 participants.

- 32. As the global focal point for IIA issues, UNCTAD continued to backstop the international investment regime and work was carried out among the three pillars of UNCTAD. At the intergovernmental level, and responding to a request by the Commission on Investment, UNCTAD conducted its first annual forum on IIAs. Research and policy analysis in the area was furthered with the preparation of two new studies of the IIA series and three new issues of the IIA monitor. In the area of technical assistance, the Secretariat continued to provide regional and national training courses, and ad hoc technical assistance. Overall, in 2009, 119 countries benefited from UNCTAD's IIA work, including 28 LDCs.
- 33. The Monterrey Consensus urges special efforts in such priority areas as corporate governance and accounting standards. The 26th session of the Intergovernmental Working Group on International Standards of Accounting and Reporting discussed the impact of the financial crisis on the implementation of International Financial Reporting Standards.
- The Monterey Consensus also argues that, in order to mobilize domestic financial resources for development, it is critical to strengthen the domestic financial sector to pursue appropriate policies and regulatory. UNCTAD has a mandate to identify measures to enable enterprises, especially SMEs, to comply with international standards, promote their technological and innovation capacities, access new technologies and enhance their participation in global value chains. Therefore, the secretariat developed a policy framework on enabling entrepreneurship policies and furthered its technical assistance in local enterprise development. This was achieved through the Empretec programme, now present in 32 countries. The programme contributes to achieving the Millennium Development Goal of eradicating extreme poverty, offering a variety of products and services to micro entrepreneurs with low levels of literacy. UNCTAD also assists developing countries to build the enabling policy environment for business linkages, and supports networks of business development and other service providers, based on the analysis of international experience and best practices. UNCTAD Business Linkages Programme improves the performance, productivity and efficiency of local suppliers through training, mentoring, information exchange, quality improvements, innovation and technology transfer. In addition, to take advantage of the fast growing Internet-based tourism market, UNCTAD continued to improve capacities for local SMEs and public stakeholders by equipping them with behavioural, organizational and technological e-business solutions.

## IV. External debt and international financial cooperation for development

- 35. The 2002 Monterrey Consensus, the Johannesburg Plan of Implementation and the 2005 World Summit Outcome underscored the importance of a timely, comprehensive and durable solution to the debt problems of developing countries. The 2008 Accra Accord of UNCTAD XII further underlined the importance of addressing debt sustainability, as it is an essential element underpinning growth in developing countries. The Accord called for a continuation of UNCTAD's work analyzing debt and development finance issues and providing technical assistance to build national capacities for public debt management.
- 36. The 2002 Monterrey Consensus also underlines the critical role of ODA in pursuit of development and achievement of the MDGs. To achieve IADGs, it recognized the requirements for substantial increases in ODA, for the effective allocation and delivery of

See Trends, Databases, Monitor and Forum, IIA Issues Series as well as Investment Policy Series at the IIAs Section of the UNCTAD website.

ODA and for exploration of innovative sources of finance. The 2008 Doha Declaration on Financing for Development reaffirmed the essential role of ODA in the achievement of internationally agreed development goals, in particular the MDGs, and called for the fulfilment of ODA commitments by donors The Declaration recognized that developing countries continue to face challenges in maintaining sustainable debt and that the global financial and economic crises risks undoing the recent gains made by developing countries in the area of debt. It recognizes that the situation demands the implementation of bold initiatives to resolve the current debt problems of developing countries, including debt cancellation, particularly for Africa and LDCs.

37. The 2009 Outcome of the United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development called for action to ensure the long-term debt sustainability of developing countries and to seek to provide sufficient development resources to developing countries without unwarranted conditionalities. It emphasized that appropriate measures must be taken to mitigate the negative effects of the crisis on the indebtedness of developing countries and to avoid a new debt crisis. In this context, countries could seek to, as a last resort, negotiate agreements on temporary debt standstills between debtors and creditors. Efforts would be made to explore the need and feasibility of a more structured framework for international cooperation in the area of enhanced approaches to the restructuring of sovereign debt based on existing frameworks and principles.

#### A. Progress made

- 38. Debt financing remains a central mechanism for mobilizing resources for public and private investment in developing countries, yet debt sustainability remains a challenge for a number of both low-income and middle-income countries. The global financial and economic crisis that erupted in 2008 continues to hamper and hinder progress in the area of debt sustainability for many countries. It has negatively impacted government revenues due to contractions in economic growth, export earnings, remittances, and investment for developed and developing countries alike. Most LDCs do not have access to capital from international financial markets, making concessional loans and grants crucial forms of financing for development.
- 39. With respect to debt relief initiatives, progress under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative has continued at a slow yet steady pace since 1999. The total number of completion point HIPCs rose to 28 out of the 40 eligible countries by June 2010. Concern remains that a number of post-completion point HIPCs continue to show signs of debt distress.
- 40. Net disbursements of ODA by Development Assistance Committee donors remained stable, rising slightly by 0.67 per cent in real terms to \$123 billion in 2009. Nonetheless, Organization for Economic Cooperation and Development (OECD) estimates suggest that the Gleneagles aid targets, to increase aid to developing countries by \$50 billion to \$130 billion and to Africa by \$25 billion by 2010, are not likely to be achieved. It seems that donors would not be able to sustain the committed target of a bandwidth between 0.15 per cent and 0.20 per cent of gross national product (GNP) as ODA to LDCs.

#### B. UNCTAD's contribution

41. UNCTAD continues to respond to emerging problems and challenges posed to developing countries in the areas of debt and development financing, as called for by the outcomes of major United Nations conferences and summits

- 42. UNCTAD has been at the forefront in the international discourse of how to mitigate negative impact of the global financial crisis on the debt situation of developing countries. UNCTAD produced policy briefs, providing inputs to the annual *Trade and Development Report*, as well as UNCTAD and G24 discussion papers. In response to the earthquake in Haiti, UNCTAD's Policy Brief No. 11 called for the cancellation of Haiti's debt following the debilitating quake. UNCTAD Policy Brief No.7 cautioned against a fall of ODA as witnessed in past financial crises.
- 43. In addition, UNCTAD provided substantive support to the 2009 United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development and informed and assisted the Working Group charged with the follow-up process. UNCTAD alerted member States of the risks posed to sovereign debt of developing countries in the wake of the global crisis.
- 44. UNCTAD is entrusted with the preparation of the United Nations Secretary-General's annual report to the General Assembly on the external debt problems of developing and transitional economies which analyses the latest trends and the emerging issues and puts forward policy recommendations.
- 45. To contribute to the preparation of the Fourth United Nations Conference on LDCs, UNCTAD has enhanced its analytical work of debt and ODA flows to LDCs and the challenges they are facing. The outcome has been fed to the relevant intergovernmental process.
- 46. UNCTAD continues to play an important role in consensus building on issues of debt and development finance. As part of this work, UNCTAD launched the Project on Promoting Responsible Sovereign Lending and Borrowing in 2009.
- 47. As a member of the United Nations MDG Task Force, UNCTAD provides feedback and inputs to the preparation of the MDG Gap Report in the areas of ODA and debt relief. The 2010 report will focus on "needs gap", represented by the gap between the actual delivery on global commitments and estimated needs for support by developing countries.
- 48. UNCTAD provides support to debtor countries in their preparations for negotiations on rescheduling or restructuring of bilateral official debt in the framework of the Paris Club. Since July 2009, six countries rescheduled their debt within the Paris Club framework.
- 49. The 7th UNCTAD Debt Management Conference was held in 2009, hosting more than 250 participants from over 70. The Conference gave debt officials a forum to discuss pertinent issues in debt and finance and share experiences.
- 50. The secretariat continues to substantively service the Trade and Development Board and its mandated intergovernmental expert group meetings in the areas of debt and development finance. In addition it makes presentations at various seminars, international conferences and training courses relating to issues on debt and development finance.
- 51. UNCTAD has continued to assist developing countries strengthen their debt management capacity through its Debt Management and Financial Analysis System (DMFAS) Programme. The Programme has so far provided technical assistance to debt management offices of 67 mostly low and lower-middle income countries and 104 institutions. In response to the evolving challenges facing debt management offices of developing countries, UNCTAD released the sixth version of its specialized DMFAS software in 2009.

### V. Coherence of the international monetary, financial and trading systems

- 52. Building on the Monterrey Consensus of 2002 and the Doha Declaration on Financing for Development of 2008, the United Nations Conference on the World Financial and Economic Crisis and its Impact on Development of June 2009 established new benchmarks for multilateral efforts in this area. The Conference outcome resolution (A/RES/63/303) noted that "the global reach of the crisis calls for prompt, decisive and coordinated action to address its causes, mitigate its impact and strengthen or establish the necessary mechanisms to help prevent similar crises in the future." Four broad lines of action are envisaged: (a) making the stimulus work for all; (b) containing the effects of the crisis and improving future global resilience; (c) improved regulation and monitoring; and (d) reform of the international financial and economic system and architecture.
- 53. The Conference further recognized that increases in global liquidity play a useful role in overcoming the financial crisis and noted the potential of expanded Special Drawing Rights (SDRs) to help increase global liquidity in response to the urgent financial shortfalls caused by this crisis and to help prevent future crises. The Conference acknowledged the calls by many States for further study of the feasibility and advisability of a more efficient reserve system, including the possible function of SDRs in any such system and the complementary roles that could be played by various regional arrangements.
- 54. In pointing the way forward, the Conference agreed to strive to combine short-term responses to meet the immediate impact of the financial and economic crisis and long-term responses that necessarily involve the pursuit of development and the review of the global economic system. It furthermore invited the General Assembly to establish an ad hoc openended working group of the General Assembly to follow up on the issues contained in the outcome document.

#### A. Progress made

- 55. As already noted in 2009, the global economic crisis underlined the need for consistency in economic policymaking and standard-setting processes at the global level and for greater transparency in international markets and strengthened surveillance and regulation of their excesses.
- 56. Since the adoption of the June 2009 Conference outcome document, the threat of a prolonged global recession appears to have receded, and in some regions and major economies at least, growth has resumed, however tentatively. Nevertheless, despite some advances made in national financial sector regulation in some major countries that were at the source of the crisis, the overall regulatory response to the crisis remains muted and hesitant.
- 57. In the meantime, notable proposals have emanated from Heads of State and Governments in several of the developed countries most involved in addressing the systemic weaknesses revealed by the financial crisis. It was important that such declarations gain space at the G-20 and beyond, especially since the G-20 does not fully represent the developing countries.
- 58. On the other hand, there has been little substantive progress in (a) enacting new financial regulatory legislation in a coherent and coordinated manner across different national economies; (b) exploring new modes of multilateral cooperation in financial and monetary issues; or (c) revitalizing the role of the United Nations as a universal forum for deliberation and action on the key aspects of global economic systemic coherence, in particular in the financial and monetary spheres. The tentative multilateral policy effort to

date and the emergence of new sovereign debt crises and fiscal pressures in many countries do not bode well for the world economy's preparedness to address either the prolongation or deepening of the recession or a new eruption of financial turmoil on global markets.

#### B. UNCTAD's contribution

- 59. UNCTAD continues to address these issues through a range of activities. At the Expert Meeting on the Contribution and Effective Use of External Resources for Development, in Particular for Productive Capacity-building, convened in February 2010, systemic coherence was discussed from several angles. As noted in the report of that Meeting, it was suggested that the focus of a systematic reform agenda at present should be on (a) macro-financial stability with counter-cyclical macroeconomic policies; (b) prudential risk management, including capital controls; (c) finance growth (output and employment) through a developmental financial system; (d) ensuring a more inclusive global financial system; (e) maintaining Monterrey policy coherence via aligning the International Monetary Fund and the World Bank with the United Nations development agenda; and (f) supporting the United Nations specifically to continue as a universal and legitimate forum for leading a comprehensive reform process of the multilateral system.
- 60. As part of its work programme on global financial and monetary issues, UNCTAD has for many years advocated strengthened regional cooperation in these areas as one component of a successful integration of developing countries in the globalized world economy. Against this background, the Government of the Republic of Ecuador and UNCTAD agreed in 2009 to implement a "Programme of Technical Cooperation for the Design and Consolidation of a New Regional Financial Arrangements". As a first step the secretariat recently completed an in-depth technical study on Regional monetary cooperation and growth-enhancing policies: the new challenges for Latin America and the Caribbean, which examines the interface between pro-growth macroeconomic policies and successful regional monetary cooperation.
- 61. At their meeting in November 2009, the G-20 Ministers of Finance identified UNCTAD as one of the main international organizations that was requested to contribute to the Group's "new consultative mutual assessment process". In June 2010, UNCTAD secretariat was invited by the IMF to contribute to this process through observations that were subsequently provided on a "Framework" paper prepared by the G20 co-chairs and through participation in the Working Group deliberations in an observer capacity.

### VI. Science and technology for development, including information and communication technologies

62. The World Summit on the Information Society (WSIS) adopted a common vision and commitment to building a "people centred, inclusive and development-oriented Information Society". The summit also adopted four outcome documents that seek to translate this vision into concrete objectives, goals and targets to be met by 2015, along a series of 11 action lines and main themes. The Commission on Science and Technology for Development (CSTD) has been designated by the Economic and Social Council to act as the focal point in the system-wide follow-up to the WSIS outcomes.

#### A. Progress made

63. Connectivity continues to improve, especially with regard to mobile telephones. Recent estimates suggest that the number of mobile subscriptions will reach 5 billion in

- 2010. To date, improved access to information and communication technologies (ICTs) represent one of the most positive developments in the LDCs in the past decade. Between 2000 and 2009, the average number of mobile subscriptions per 100 people in LDCs rose from less than 1 to about 25. In other areas, such as Internet access and broadband connectivity, the LDCs still lag far behind other developing countries.
- 64. But there is no room for complacency. Despite positive developments towards narrowing the digital divide, a long unfinished agenda to address remains in order to create an inclusive information society. Some of the areas requiring more attention include cyber security, green ICT and new mobile applications with high potential relevance to development.

- 65. UNCTAD, as the secretariat of the CSTD, continues to monitor WSIS implementation and follow-up at international and regional levels and prepares the annual report of the Secretary General thereon.<sup>2</sup>
- 66. In 2010, and within the framework of the project of Network of Centres of Excellence UNCTAD, in close collaboration with the Tunisian National Agency for Computer Security (NACS), organized a training session on Cybersecurity for African countries in Tunis. UNCTAD also facilitated a training workshop on the Legal Aspects of E-Commerce for officials in Burundi. The East African Community in the spring of 2010 adopted the legal framework proposed by UNCTAD for the harmonization of cyberlaws in the region. In Asia, national sensitization workshops on the draft e-commerce legislation were held for key stakeholders in Cambodia and the Lao People's Democratic Republic. In Latin America, a regional workshop on cyber laws was organized jointly with the Ministry of Foreign Affairs of El Salvador in San Salvador to discuss the legal implications of ICT.
- 67. Based on its *Manual for the Production of Statistics on the Information Economy*, which focuses on statistical issues particular to developing and transition economies, UNCTAD organized training courses in partnership with other international organizations.
- 68. UNCTAD is part of the steering committee together with the International Telecommunication Union (ITU) and the Economic Commission for Latin America and the Caribbean (ECLAC) of the Partnership on Measuring ICT for Development, an important forum in which all relevant international organizations participate. UNCTAD also participates in three dedicated task groups within the Partnership. Furthermore, the WSIS Forum 2009 was jointly organized by ITU, UNESCO and UNCTAD.
- 69. UNCTAD contributed to the organization of the ICT4All Forum Tunis+4, an annual event sponsored by the Government of Tunisia, in collaboration with ITU, and in partnership with the Global Alliance for ICT and Development and the African Development Bank. The Forum, addressed strategies and options to expand access among low-income countries to low-cost fixed or wireless broadband technology.
- 70. In connection with the outcome of the 2005 World Summit and as part of its implementation of its science and technology-related work programme, UNCTAD's Science, Technology and Innovation Policy (STIP) Reviews help policy makers in developing countries to evaluate the strengths and weaknesses of their country's science and technology-related policies and measures.

E/2009/10, A/64/64. Progress made in the implementation of and follow-up to the outcomes of the World Summit on the Information Society at the regional and international levels.

71. The second session of the Multi-year Expert Meeting on Enterprise Development and Capacity Building in Science, Technology and Innovation (STI) took place in January 2010. UNCTAD was encouraged to support international cooperation towards developing relevant STI indicators and to build capacities in developing countries to collect and analyse STI data for policy-making. UNCTAD's proposal of a core list of STI indicators was considered a good a basis to adapt STI indicators to the realities of developing countries and to support capacity-building in STI data collection and analysis.

#### VII. Competition law and policy

72. The Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, dating from 1980, aims "to ensure that restrictive business practices do not impede or negate the realization of benefits that should arise from the liberalization of tariff and non-tariff barriers affecting international trade, particularly those affecting the trade and development of developing countries". The Fifth United Nations Conference to Review All Aspects of the Set (Antalya, November 2005), re-affirming the validity of the United Nations Set, concluded that much more attention needed to be paid to the detrimental effects of anti-competitive practices on the functioning of markets, the process of privatization, the creation of a dynamic enterprise sector, and the interface between FDI, international trade and competitiveness.

#### A. Progress made

73. Despite a general widespread trend towards the adoption, reformulation or better implementation of competition laws and policies in developing countries, many still have neither up-to-date competition legislation nor adequate institutions for their effective enforcement and rely to a large extent on UNCTAD capacity building for this work. UNCTAD, in application of its mandate in the Set, holds the Intergovernmental Group of Experts on Competition Law and Policy (IGE on CLP) annually and organizes a Review Conference at Ministerial level every five years. This year, the Conference the Sixth Review Conference will be held at the Palais des Nations in Geneva from the 8 to the 12 of November 2010. The Sixth Review Conference, which replaces the IGE on CLP for this year, will, inter alia, assess the application and implementation of the United Nations Set on competition in its 30 years of existence, and discuss proposals for its improvement.

- 74. The annual Intergovernmental Group of Experts on Competition Law and Policy continues to serve as a unique forum for competition institutions and experts to discuss, review and develop consensus on key issues in this field. During its tenth session in July 2009, a particular success was the voluntary peer review of the competition policy of Indonesia. Voluntary peer reviews have so far been conducted for Costa Rica, Jamaica, Kenya, Tunisia, the West African Economic and Monetary Union, and Costa Rica.
- 75. UNCTAD assisted individual developing countries on competition advocacy, preparation of national competition laws, training of competition case handlers, institution-building and consumer protection. In 2009, the Syrian Arab Republic, the Dominican Republic, Ecuador, and Sao Tome and Principe were assisted in enhancing understanding of competition policy and legislation. In respect of advancing preparations of national competition laws, the following countries benefited from UNCTAD's assistance: Angola, Bhutan, Botswana, Cambodia, Costa Rica, the Dominican Republic, Ecuador, Ghana, Indonesia, the Lao People's Democratic Republic, Lesotho, Paraguay, Rwanda and

Uruguay. Further, capacity-building activities to train competition case handlers were implemented for Bhutan, the Plurinational State of Bolivia, the Dominican Republic, Ecuador, Indonesia, the Kurdistan Regional Government of Iraq, Nicaragua, Paraguay, Peru and Swaziland. UNCTAD also assisted some countries in building up their competition institutions, including Malawi, Peru, the Syrian Arab Republic and Uruguay. In regard to consumer policies, assistance was provided on elaborating legislation or awareness building on consumer protection for Bhutan, Cambodia, Ecuador, the Lao People's Democratic Republic and Malawi.

76. Activities carried under UNCTAD's COMPAL programme strengthened competition and consumer protection law and policies in Bolivia, Costa Rica, El Salvador, Nicaragua and Peru, as well as Colombia. A new competition programme for Africa (AFRICOMP) was launched in Geneva on 22 June 2009 to help African countries develop appropriate administrative, institutional and legal structures for effective enforcement of competition and consumer law and policies. UNCTAD also assisted regional groupings in their development and implementation of regional competition policy.

#### VIII. Countries in special situations

#### A. Least developed countries

#### 1. Progress made towards key goals and targets of the Brussels Programme of Action

77. In 2008–2009, key economic indicators showed contraction in economic performance of LDCs, particularly when compared to the 2006–2007 period. In 2008, for LDCs as a group, real GDP<sup>3</sup> grew by 5.8 per cent as compared to about 8 per cent in 2006–2007. At the regional level, real GDP growth for African LDCs (plus Haiti) shrunk from about 8.5 per cent in 2006–2007 to 6.2 per cent in 2008, whereas in Asia and the Pacific region, it decreased from 6.9 per cent to 5.2 per cent during the same period. Consequently, for LDCs as a group, real GDP per capita grew by a mere 3.4 per cent in 2008 against 5.4 per cent in 2006–2007. This was the sharpest drop in real GDP per capita since the adoption of the Programme of Action (PoA) in 2001.

78. On international trade, a major factor that affected the performance of many LDCs in 2009 was the volatility of commodity prices. The commodity price boom that began in 2002 came to an end in early 2009 and turned into a sharp decline during the second half of the year, reflecting the decline in global demand, largely due to global economic crises. Consequently, export earnings of LDCs as a group sharply declined (by up to 50 per cent) over the first half of 2009 and their combined share in world trade, though marginally improved, remained negligible at 0.85 per cent during the same period.

#### 2. UNCTAD's contribution

79. The PoA for LDCs for 2001–2010<sup>4</sup> invites "the organizations of the United Nations system and their executive bodies, within their respective mandates, to undertake the appraisal of the PoA at regular intervals and make available the outcomes of such appraisals to the annual global reviews" (para. 97). Consequently, UNCTAD's Trade and Development Board has been consistently reviewing progress in implementation of the

Data on real GDP and real GDP per capita are the UNCTAD secretariat's calculations based on UN/DESA Statistics and Population Divisions, August 2009 and refers to real GDP and real GDP per capita in (1990 dollars).

<sup>&</sup>lt;sup>4</sup> A/CONF191/11.

actions and commitments of the PoA that have been within the UNCTAD mandate since 2001. The reviews and assessments of the Board were based on the research and policy analysis work of UNCTAD on LDCs<sup>5</sup> – the outcome of which also feeds into other mandated reviews of the Economic and Social Council and the General Assembly. The fifty-sixth session of the Board, through its Sessional Committee I, reviewed the progress in the implementation of the PoA. The Board also adopted agreed conclusions as contained in (TD/B/56/SC.I/L.2), which were submitted to the General Assembly for further action.

- 80. Through research and policy analysis work, including in the context of the *Least Developed Countries Reports* series, the secretariat has been consistently providing periodic assessment of progress towards the goals of the PoA and the MDGs. The 2009 Report dealt with "The State, Development Governance and Productive Capacities: From Strategies to Implementation". The Report critically examined such important questions as what should the enabling state in LDCs do in order to build a vision for development; promote investment and capital formation; reduce risks and coordinate investment; promote structural change and technological learning and make growth more inclusive.
- 81. Pursuant to paragraph 41 of the Accra Accord and General Assembly resolution A/C./2/63/L.57, UNCTAD has been undertaking important activities in contributing to the preparatory process for the Fourth United Nations conference on LDCs. In this regard, UNCTAD with the financial support of the Government of Sweden and the Common Fund for Commodities organized an expert meeting in Kampala, Uganda in October 2009.
- 82. UNCTAD also convened a meeting of ad hoc group of experts of the Secretary-General of UNCTAD in Geneva in February 2010. The meeting shed further light on the challenges facing LDCs, prospects for growth and development as well as on international support measures needed to address underdevelopment in these countries.

#### B. Small island developing States

- Progress made in the elements of implementation of the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States that are relevant to UNCTAD
  - 83. Chapter XII ("Graduation from least developed country status") amplifies the General Assembly's call for a "smooth transition" in graduating any country from LDC status. Efforts to promote smooth transition measures have been pursued in the bilateral consultations graduating SIDS have had with their development partners.
  - 84. Many SIDS policymakers have taken the view that chapter XIII ("Trade: globalization and trade liberalization") should have urged the international community to respond to the challenges faced by SIDS in the global economy through a few special international support measures or measures of "special treatment" by virtue of SIDS status.
  - 85. Chapter XX ("Trade and finance") lists most of the issues SIDS face in the global economy. The question of regional representation in the multilateral trading system (item 97i) has been partly answered by the WTO as a result of its Work Programme on Small Economies.

<sup>&</sup>lt;sup>5</sup> For detailed analysis and comprehensive statistical information on where the LDCs and their development partners stand, over the years, in implementing the goals and actions of the Programme of Action for LDCs, see the UNCTAD *Least Developed Countries Reports* series: 2002, 2004, 2006, 2007 and 2008. See also UNCTAD's contribution to the Mid-term Review of the PoA (UNCTAD/LDC/2006/3) and sectoral assessment and review of export potential and competitiveness of LDCs (UNCTAD/ALDC/2008/1).

#### 2. UNCTAD's contribution

86. UNCTAD has been assisting all SIDS affected by the question of graduation from LDC status: Cape Verde (since 2005), Maldives (since 2005) and Samoa (since 2006). Related advisory services were also provided to Kiribati (2006-2009), Tuvalu (since 2006) and Vanuatu (since 1997), three potential graduation cases. UNCTAD's technical assistance in this area involves (a) inventorying the forms of concessionary support or special treatment that are deemed vital to the relevant countries; (b) supporting government officials in their dialogue with development partners toward a smooth phasing out of the most needed LDC-specific concessions; and (c) formulating a "smooth transition strategy" for the graduating country after examining its experience in using LDC benefits. All SIDS beneficiaries have, one way or another, been strengthened by this ongoing cooperation.

#### C. Landlocked developing countries

### 1. Progress made in the elements of implementation of the Almaty Programme of Action that are relevant to UNCTAD

87. The Almaty Programme of Action (APoA) addresses the special needs of landlocked developing countries within a new global framework for transit transport cooperation for landlocked and transit developing countries. The Accra Accord emphasized the problems of LLDCs and strengthened the mandate of UNCTAD in support of their trade and development efforts. The high transport costs facing LLDCs constitute a serious restrictive barrier to trade for these countries. At the same time, there is need for these countries to modernize and diversify their economies, taking into account the development constraints related to their specific geographical situation.

#### 2. UNCTAD's contribution

- 88. As a follow-up to the High-level Investment Forum for LLDCs held on 1 October 2008 in New York, UNCTAD organized a seminar entitled "FDI in infrastructure development of LLDCs issues at stake" (Geneva, 24 March 2009) for LLDC delegates in Geneva to explore the potential contribution of FDI to the development of infrastructure in these countries, and to discuss appropriate policies and measures for the promotion of FDI in infrastructure projects in LLDCs.
- 89. UNCTAD was also largely involved in the preparation of the Third Meeting of Trade Ministers of LLDCs, which took place in Ezulwini, Swaziland on 21–22 October 2009.
- 90. In December 2009, UNCTAD organized an ad-hoc Expert Meeting on Transit Ports Servicing LLDCs. The meeting provided an opportunity for experts and different stakeholders to exchange views on the current challenges and opportunities faced by LLDCs when making use of transit port facilities in coastal neighbouring countries.

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