Trade and Development Board
Fifty-sixth executive session
Geneva, 3–4 December 2012

Report of the Trade and Development Board on its fifty-sixth executive session
Held at the Palais des Nations, Geneva, from 3 to 4 December 2012

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Introduction

The fifty-sixth executive session of the Trade and Development Board was held at the Palais des Nations, Geneva, on 3 and 4 December 2012. In the course of the session, the Board held three plenary meetings.

I. Action by the Trade and Development Board
(Agenda item 2)


(Agenda item 3)

2. The Board took note of the reports of the sixty-first session and the sixty-third session of the Working Party on the Strategic Framework and the Programme Budget and endorsed the conclusions of the Working Party agreed at these sessions. The conclusions of the sixty-first session included agreement on the UNCTAD section of the proposed United Nations strategic framework for the period 2014–2015 and the UNCTAD programme narrative for the biennium 2012–2013, in the light of the outcome of the thirteenth session of the Conference. The conclusions of the sixty-third session included agreement on the programme narrative component of the draft proposed programme budget for the biennium 2014–2015, to be considered ultimately by the General Assembly and its subsidiary bodies, and the proposed evaluation plan for UNCTAD in 2013, with the evaluation plan for 2014 and 2015 to be reviewed at the sixty-fifth session of the Working Party.

3. One delegate observed in relation to documents TD/B/WP/(61)/CRP.3/Rev.1 and TD/B/WP(63)/CRP.1/Rev.1 of the Working Party, on the strategic framework and the proposed programme budget for 2014–2015, that in the opinion of the delegate’s Government these documents did not have the desired balance or reflect adequately the attention that UNCTAD should continue to provide to middle-income countries, as mandated by paragraph 18(l) of the Doha Mandate. The delegate noted that UNCTAD activities and a focus on middle-income countries did not imply that UNCTAD should set aside the priorities and assistance needs of other country groupings. The delegation therefore noted that while it was not able to support these documents, no position would be taken that could delay the process for consideration of the biennial programme plan and proposed programme budget by the relevant entities, but requested that the statement be duly reflected in the present report.

4. The Board took note of the concerns raised by the delegate.

(Agenda item 4)

5. The Board approved the applications of the Rockefeller Brothers Fund as contained in document TD/B/EX(56)/R.1, the Center for Economic and Policy Research as contained in documents TD/B/EX(56)/R.2 and TD/B/EX(56)/R.2/Corr.1 and Public Citizen as contained in document TD/B/EX(56)/R.3, under rule 77 of the rules of procedure of the Board. These three organizations will be added to the list of non-governmental organizations enjoying observer status with UNCTAD.

6. The Board also took note that the International Federation of Chemical, Energy, Mine and General Workers’ Unions, a non-governmental organization with observer status
with UNCTAD, merged in July 2012 with the International Metalworkers’ Federation to establish the IndustriALL Global Union, which was now based in Geneva. These changes would be reflected in the list of non-governmental organizations enjoying observer status with UNCTAD, and the International Federation of Chemical, Energy, Mine and General Workers’ Unions would be removed from the list.

(Agenda item 6)

7. The Board approved the draft calendar of meetings for 2013 as contained in document TD/B/EX(56)/CRP.1.

8. The Board approved the terms of reference for five multi- and single-year expert meetings as contained in document TD/B/EX(56)/1/CRP.2, with one small modification to the terms of reference for commodities and development. In addition, during the executive session of the Board, the multi-year expert meeting terms of reference for trade, services and development were approved. The Board also agreed to delegate authority to the Bureau of the Trade and Development Board to finalize the terms of reference for the three remaining multi-year expert meetings on behalf of the Trade and Development Board.

9. The Board agreed to address the preparations for the fiftieth anniversary of UNCTAD and the review of the Millennium Development Goals during the next consultations of the President, thus initiating the process of consultations and brainstorming on concrete proposals for consideration at the annual session of the Trade and Development Board in the third quarter of 2013.

II. President’s summary

A. Opening plenary

10. The Deputy Secretary-General of UNCTAD made the opening statement of the session. He stressed UNCTAD’s mandate on least developed countries (LDCs), recalling that the Doha Mandate referred to LDCs no fewer than 35 times and that LDCs appeared under all of its subthemes. In addition, he stressed that remittances are of particular importance for LDCs as a source of financing for development, surpassed only by official development assistance and much greater than foreign direct investment inflows.

11. The Director of the Division for Africa, Least Developed Countries and Special Programmes of UNCTAD presented the key findings and policy recommendations of the Least Developed Countries Report 2012: Harnessing Remittances and Diaspora Knowledge to Build Productive Capacities. The focus of the report was the impact of remittances on the home economies of LDCs and the potential role of migrants in the diaspora as sources or facilitators of knowledge, technology and trade and investment links.

12. The themes for the Least Developed Countries Report 2012 were selected because of the mandate on remittances outlined in the Istanbul Programme of Action, the fact that few LDCs had clear remittance or diaspora strategies, though all could learn from the experiences of other countries, and that remittances and diaspora knowledge related to two critical constraints of LDCs, namely, the shortage of capital and of skills and know-how.

13. The recent economic trends for LDCs indicated that the growth rates of gross domestic product had recently been much lower in comparison with the results in 2002–2008. In the context of the recent deceleration of the global economy, the outlook for LDCs was highly uncertain, and there was a possibility of a lengthy period of relatively low growth. With regard to remittances, the Director discussed their magnitude in the case of LDCs, their positive and negative impacts, and their costs. The magnitude and the positive
and negative impacts of the brain drain were then discussed. A policy agenda for both remittances and diaspora engagement was also presented. Boosting the contribution of remittances and the diaspora to LDC development required policy action, inter alia, the development and diversification of financial sector, the reduction of remittance costs, diaspora engagement programmes and macroeconomic policies to crowd in private investment.

14. In summary, the report’s main messages were that (a) remittances were rising and were more important for LDCs than for other countries; (b) the intensity of brain drain was much higher in LDCs than in other countries, but the diaspora could potentially contribute strongly to LDC development; and (c) boosting the contribution of remittances and diasporas to LDC development required proactive policy action. The report had been launched in 26 countries and had received positive feedback.

15. Statements were then made by the representatives of the following regional groups and individual delegations: Indonesia (on behalf of the Group of 77 and China), Benin (on behalf of the LDC Group), Ethiopia (on behalf of the African Group), the Islamic Republic of Iran (on behalf of the Asian Group), Paraguay (on behalf of the Group of Latin American and Caribbean Countries), Kazakhstan (on behalf of Group D), the European Union, Mexico, Tunisia, China, Nepal, Bangladesh, Ethiopia, Sudan and Morocco.

16. All speakers thanked UNCTAD for the Least Developed Countries Report 2012 and agreed that its topics were highly relevant to and timely for LDCs. Most speakers commended the secretariat for the high quality of the report’s analysis, the pertinence and relevance of its policy recommendations and the choice of topics, while three speakers considered the report excellent. Some speakers felt that the themes analysed in the report were also highly relevant to other developing countries.

17. Several speakers expressed support for UNCTAD’s role in assisting LDCs to achieve the goals of the Istanbul Programme of Action, particularly the goal of enabling half of LDCs to meet the criteria for graduation from that category by 2020.

18. Most speakers agreed with the report on the importance of domestic and international policies to strengthen the contribution of remittances and diaspora knowledge to the development of LDCs and supported the report’s policy recommendations. One speaker expressed his country’s hope of working with the secretariat on implementing the policy recommendation on remittances and diaspora.

19. Most speakers recalled the importance of reducing the costs of sending remittances. Several speakers noted that, while the importance of remittances had been growing, they should not be viewed as a substitute for other sources of external financing such as official development assistance, debt forgiveness or foreign direct investment. Several speakers concurred on the importance of channelling remittances to productive investment and welcomed the relevant policy suggestions.

20. One speaker stated that operationalizing mode four of the General Agreements on Trade in Services would allow for a rebalancing between skilled and unskilled migration from the LDCs.

21. Some speakers asked the secretariat to continue analysing these topics and to conduct further studies on how to enhance the contribution of remittances and diaspora knowledge to the development of productive capacities in LDCs. This should include further research on policy measures to turn brain drain into brain gain. Several speakers requested UNCTAD to pursue work on remittances and diaspora knowledge through its three pillars.

22. One speaker requested the secretariat to undertake additional studies in order to formulate policy recommendations to reduce the adverse effects of the international crises.
on LDCs. Two speakers urged the UNCTAD secretariat to continue paying attention to the issue of commodity dependence and to upgrading the insertion of LDCs into global value chains.

23. Several speakers expressed their group’s interest in the international support mechanism, investing in diaspora knowledge transfer, proposed in the report as a means to have the diaspora contribute to the technological upgrading and building of productive capacities in LDCs. Three speakers supported the initiative.

24. Three speakers from non-LDC developing countries provided brief explanations of the policies of remittance leveraging and diaspora engagement which their countries had adopted. They expressed readiness to share their experiences and the lessons learned in these areas with LDCs.

B. High-level segment – Maximizing the development impact of remittances and diaspora knowledge in LDCs: Policy implications

25. The executive session of the Trade and Development Board held a high-level segment on the theme of “Maximizing the development impact of remittances and diaspora knowledge in LDCs: Policy implications” led by three panellists.

26. Ms. Zeljka Kozul-Wright, Chief, LDC Policy Analysis and Research Cluster, Division for Africa, Least Developed Countries and Special Programmes, UNCTAD, outlined the key findings of the Least Developed Countries Report 2012, noting that although growing, remittances should not be considered as a substitute for foreign direct investment, official development assistance, debt relief, internal resource mobilization or other sources of financing for development. She also emphasized that remittances could not lead development but rather most of the time followed it. As such, remittances could not be considered a panacea for the development of the LDCs.

27. Remittances provided a much needed source of foreign financing that could enhance the pace of social and economic development, especially in education, health, and poverty reduction. Their countercyclical behaviour was especially important in the light of recent decreases of both foreign direct investment and official development assistance inflows to LDCs. Regarding diaspora knowledge, the aim of the international support mechanism proposed in the report would be to offset the negative impacts of the brain drain in LDCs.

28. Mr. William Lacy Swing, Director General, International Organization for Migration, provided background on migration and development, emphasizing the importance remittances played globally, in particular for developing countries, within the context of the era of the greatest human mobility (214 million international migrants and 740 million internal migrants) and global remittances of $450 billion. International migrants could number 405 million by 2050 if migration continued to grow at the same pace as during the last 20 years. Mr. Swing noted that one of the reasons for this steep rise would be the population decline in the world’s industrialized countries, an expected drop of nearly 25 per cent by 2050. This would significantly increase the demand for migrant workers at a time when the labour force in developing countries would increase to 3.6 billion in 2040.

29. He outlined seven areas which drove migration and could be expected to drive it in the near future. These were demographic trends, demand for labour, disparity in income levels, distance shortening because of improvements in transportation, digital revolution, natural and man-made disasters and their impacts, and dreams of a better future.

30. The presentation also shed light on the types of migratory patterns that could result from complex crises, the effectiveness of migration policy tools in addressing certain
aspects of crisis situations and the ways in which migration and remittances could be used as a positive contribution to growth and development through systematic policy actions.

31. Mr. Ennio Rodriguez, former Minister of External Finance and Debt of Costa Rica, noted that owing to the inherently private nature of remittance flows, their effective mobilization for productive purposes depended on an array of policy and institutional improvements aimed at reinforcing the impact of remittances on increasing the provision of financial services with a wider choice of services geared to all levels of society. This might entail a range of policy interventions, including from domestic and regional development policies aimed at increasing private investments to appropriate financial and regulatory reforms.

32. These policy interventions should be designed to reduce transaction costs and promote greater financial inclusion and credit provision for small- and medium-sized enterprises, as well as to make formal channels of remitting more attractive. Mr. Rodriguez suggested that post offices, savings and credit cooperatives, and microfinance institutions could play an important role in expanding access to remittances and financial services in LDCs, especially for rural populations. He also noted that exclusive agreements with money-transfer operators, which limited competition and tended to increase the cost of sending money, should be avoided.

33. Finally, Mr. Rodriguez highlighted the potential role of regional development banks in the context of regional integration in both underwriting diaspora bonds and promoting a common or harmonized legal framework for migration and money transfer operations. He explained several promising and innovative financing options for LDCs that could result from remittances, including the securitization of remittance flows, the collateralization of long-term financing flows and diaspora bonds.

34. Many speakers welcomed the emerging consensus on the need to strengthen support to LDCs and the recognition of problems with the prevailing remittance and financial institutional architecture. However, some participants noted that although some specific reforms had already been implemented to promote the use of remittances to enhance productive capacities, much remained to be done regarding the financial inclusion of migrants in host countries as well as of their families in their home countries.

35. Some participants reiterated the importance of ensuring greater coordination between UNCTAD’s work and that of the International Organization of Migration. Agencies might have different comparative advantages, but coherence in the overall approach would be crucial for the successful follow-up of the report’s recommendations on harnessing the diaspora and remittances to promote the development of productive capacities in LDCs.

36. With regard to diaspora policies, several participants reiterated the importance of policies for the active engagement of the diaspora in order to tap the possibilities of expanding the potential of nostalgic trade and investment as an engine for development. Several delegates also called for a strengthening of international initiatives in the area of remittances. For example, the Group of Eight Summit in L’Aquila supported cost reductions for remittances which the World Bank had promoted through the five per cent reduction in five years objective.

37. Some individual delegations outlined their experience of harnessing remittances and diaspora knowledge to build productive capacities. Additionally, several delegations noted that regional development banks had a potentially significant role to play, which should be fully explored by LDCs. Finally, participants recognized the importance of successfully implementing the Istanbul Programme of Action.
38. Some delegates also called on UNCTAD to provide technical assistance and capacity-building to LDCs on the topics analysed in the report.

C. Closing plenary

39. At the closing plenary meeting, with regard to the calendar of meetings for 2013, the President clarified that the secretariat had not scheduled both Commission meetings back-to-back as foreseen in the Accra Accord, because the meeting of the Commission on Science and Technology for Development had been accommodated and the United Nations Office at Geneva had already made firm commitments for meetings with other organizations, including the World Health Organization, the International Labour Organization and the Human Rights Council, during the period in question. Member States had agreed with the initial preparation of the calendar which had then reflected the modified scheduling.

40. In addition, it was agreed that the terms of reference of the three remaining expert meeting would be considered during consultations of the President on 10 December 2012. Recalling that the remaining topic for expert meetings, the impact of remittances on development, which at the fifty-fifth executive session (resumed) of the Board in October 2012 was left to be agreed before the end of 2012, it was agreed that 10 December 2012 would also be set as the deadline for the ad referendum approval of this topic. The Board was informed that once the terms of reference for all expert meetings had been approved by the Bureau on its behalf, the full set of terms of reference would be published in a single document as an addendum (TD/B/EX(56)/2/Add.1) to the report of the fifty-sixth executive session of the Board.
III. Organizational matters

A. Opening of the session

41. The fifty-sixth executive session of the Trade and Development Board was opened by Mr. Jüri Seilenthal (Estonia), President of the Board.

B. Adoption of the agenda and organization of work of the session
   (Agenda item 1)

42. At its opening plenary meeting, the Trade and Development Board adopted the provisional agenda for the session as contained in document TD/B/EX(56)/1, with the addition of agenda item 6, Other business, as proposed by the President. The agenda was thus as follows:

   1. Adoption of the agenda and organization of work

   2. The Least Developed Countries Report 2012: Harnessing Remittances and Diaspora Knowledge to Build Productive Capacities


   4. Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

   5. Report of the Trade and Development Board on its fifty-sixth executive session

   6. Other business

C. Adoption of the report
   (Agenda item 5)

43. The Trade and Development Board authorized the President and Rapporteur to finalize the report after the conclusion of the meeting.
Annex I

Attendance*

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

   Algeria
   Angola
   Argentina
   Austria
   Bangladesh
   Belgium
   Benin
   Bhutan
   Brazil
   Bulgaria
   China
   Congo
   Croatia
   Cuba
   Cyprus
   Czech Republic
   Democratic Republic of the Congo
   Dominican Republic
   Equatorial Guinea
   Estonia
   Ethiopia
   Finland
   Germany
   Ghana
   Greece
   Haiti
   Indonesia
   Iran (Islamic Republic of)
   Iraq
   Ireland
   Israel
   Italy
   Kazakhstan
   Libya
   Lithuania
   Luxembourg
   Madagascar
   Mali
   Mauritania
   Mexico
   Mongolia
   Morocco
   Mozambique
   Myanmar
   Nepal
   Nigeria
   Oman
   Pakistan
   Panama
   Paraguay
   Peru
   Poland
   Portugal
   Qatar
   Saudi Arabia
   Senegal
   Spain
   Sudan
   Tunisia
   Turkey
   Thailand
   Venezuela (Bolivarian Republic of)

2. The following observer attended the session:
   Palestine

3. The following intergovernmental organizations were represented at the session:
   European Union
   International Organization for Migration
   Organization of Islamic Cooperation

* For the list of participants, see TD/B/EX(56)/Inf.1.
4. The following specialized agencies and related organizations were represented at the session:
   United Nations Industrial Development Organization
   World Trade Organization

5. The following panellists participated in the session:
   Mr. William Lacy Swing, Ambassador, Director General, International Organization for Migration
   Mr. Ennio Rodriguez, former Minister of External Finance and Debt of Costa Rica
   Ms. Zeljka Kozul-Wright, Chief, LDC Policy Analysis and Research Cluster, Division for Africa, Least Developed Countries and Special Programmes, UNCTAD