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

Held at the Palais des Nations, Geneva,
from 12 to 16 June 2006

Rapporteur: Mr. Levan Lomidze (Georgia)

Speakers:

Secretary-General of UNCTAD	Czech Republic for Group D	India
Pakistan for the Group of 77 and China	United States	Egypt
Honduras for the Latin American and Caribbean Group	Thailand	Tonga
	China	Philippines
	South Africa	
	Islamic Republic of Iran	

Note for delegations

This draft report is a provisional text circulated for clearance by delegations. Requests for amendments to statements by individual delegations should be communicated by **Wednesday, 21 June 2006** at the latest, to:
UNCTAD Editorial Section, Room E.8106, Fax no. 022 917 0056, Tel. no. 022 917 1437.

Chapter I

OPENING STATEMENTS

1. The **Secretary-General** said that the development dimension of trade and economic growth remained the defining trait of the work of UNCTAD, a knowledge-based institution. The point of departure for all its work should be research and analysis, which would form a basis for consensus-building and technical cooperation, although there was a constant process of cross-fertilization among them. The feedback from technical work at the country level would ensure that UNCTAD's research kept up with the evolving concerns of member States. While there was room for improvement in UNCTAD's role in consensus-building, particularly in its structure and reporting mechanism, the effectiveness of its intergovernmental machinery would also depend on the efforts of all concerned, including guidance by member countries.
2. One area that the Internal Task Force on Reform had closely examined was technical cooperation, where there appeared to be some shortcomings. The Secretary-General said that the delivery of technical cooperation should not be the end of the line, but that the lessons learned from delivery should feed back into research and the intergovernmental process. UNCTAD had tried some of the ideas put forward by the Task Force for stronger central coordination of its technical cooperation and greater synergy and interaction between it and the other pillars, as well as other international efforts.
3. The Secretary-General reported on the Panel of Eminent Persons, which had held its third and final meeting in Helsinki. The Panel had recommended that with regard to the pillar of research and analysis, UNCTAD tap more systematically into the wealth of existing knowledge by establishing a global network of think tanks specialized in development policy advocacy and best practices. It had also suggested that an informal consultative group of eminent development economists conduct a peer review of UNCTAD's key research products so as to improve their quality and coherence. Also, UNCTAD should strengthen its "flagship" research products, and limit the number of publications of lesser significance. The Panel had recommended that UNCTAD's intergovernmental machinery provide relevant and pragmatic solutions to development problems through, inter alia, inventories of best practices, checklists and indicative guidelines, sets of criteria or principles, and model frameworks. To help UNCTAD's intergovernmental expert meetings achieve pragmatic outcomes, their format could be changed to that of standing expert groups, focusing on key development issues. That would not just establish a crucial continuity in topics but also create a cohort of experts associated with UNCTAD. UNCTAD's commissions could be more effective if they dealt with more focused issues, specifically through the consolidation of the commissions themselves into two, dealing with investment and trade respectively, with a possible third commission dealing with technology. The deliberations of the Trade and Development Board could be enriched by interactions with development think tanks and multi-stakeholder dialogues. One relevant idea here could be to set up a Global Forum for Trade, Investment and Development, which would meet biennially. The arrangement for the quadrennial conferences could require reconsideration, with a view to attracting representation from ministerial portfolios other than trade. Another idea would be to hold the conferences biennially, with each focusing on a different area of UNCTAD's work, and to bring their timing into line with the UN budgetary cycle. The Panel stressed that the financing of developing countries' participation remained a challenge, and that it could be addressed by setting up a special trust fund of voluntary contributions. It recommended that UNCTAD build on its technical excellence in economic policy issues, and consolidate its

numerous projects into four or five major programmes centred on overarching themes, with a view to maximizing impact and increasing efficiency and coherence. It suggested the establishment of an advisory body for technical assistance composed of heads of development assistance agencies and of recipient agencies in developing countries to advise the Secretary-General of UNCTAD on setting up institutional strategies for technical cooperation and to review the impact of this work.

4. The Secretary-General said that while it was difficult to speculate about the implications of the present UN reform for UNCTAD, one thing that would not be subject to change would be the centrality of trade and development to the work of the United Nations. He stressed that UNCTAD had a clear mandate and an impressive record of achievements, and that its work should ultimately contribute to the overall objectives of the United Nations, especially in the areas of poverty reduction, sustainable development, and the promise of a secure and peaceful world.

5. The representative of **Pakistan**, speaking on behalf of the **Group of 77 and China**, said that the Mid-term Review provided a timely and useful opportunity to revitalize UNCTAD as a strong player in international economic governance. He recalled that while UNCTAD had been conceived as a pro-development, knowledge-based organization to facilitate successful integration of developing countries into the world economy, and had been the world's development conscience over forty years, this role had suffered as the result of internal factors during the last decade. The Mid-term Review should strengthen each of UNCTAD's three functional pillars so as to allow the organization to operate at its full capacity, and play its role in promoting pro-development systemic coherence, particularly between international monetary, financial and trading systems. This would require that the development content in each pillar be fully restored and strengthened from a development perspective and on an equal footing. It would also require that the linkage between the three pillars be preserved and strengthened through a sequential approach, so that evidence-based research and analytical work would inform consensus-building, which should in turn guide technical assistance in a demand-driven fashion. The speaker said that his group would submit a draft text for the outcome of the meeting, outlining the group's perspective on the three pillars. As for the preparation of the report of the Panel of Eminent Persons, he looked forward to its finalization. With reference to the consultation held earlier with the High-Level Panel on UN System-Wide Coherence, he said in particular that the process should not lead to the dilution of UNCTAD's mandate.

6. With regard to the three functional pillars of UNCTAD, he underscored the importance of research and analysis as the latter's lifeline, with the development orientation and independence of this pillar, as demonstrated by its past accomplishments in such areas as work on official development assistance or the Asian financial crisis, being an imperative for institutional revival. Research and analysis should not be politicized, but be conducted in an atmosphere of intellectual integrity and independence in order to provide development-oriented solutions to existing and emerging challenges faced by developing countries. He stressed that the development quotient must not be reduced at any cost even if it challenged conventional wisdom. As regards consensus-building, he recalled that UNCTAD had faced particular hardship in the recent past owing to the steady erosion of this pillar, but the São Paulo Consensus had radiated positive energy, paving the way for the July Package in the WTO, and demonstrated the ability of UNCTAD to prepare and transmit consensus calls for strengthening the consensus-building pillar. That pillar should be further strengthened through substantive outcomes in the intergovernmental machinery that would go beyond chairperson's summaries or agreed recommendations. Consensus-building must be an

ongoing process in the work of each tier, as UNCTAD's proven competence should continue to be used to develop soft law to promote rule-making in the WTO and other organizations, and this normative role as a catalyst for multilateral action from a comprehensive development perspective could advance consensus-building in other forums. Ways must be explored for reviving the negotiating process in UNCTAD for policy recommendations to the UN General Assembly, particularly to the Second Committee. A sustainable solution should also be found with regard to the financing of experts from developing countries. In connection with the third pillar, he emphasized that technical cooperation was an important pillar and should work in tandem with, and be anchored in, the other two pillars, so as to ensure that technical cooperation activities were demand-driven and corresponded to the specific needs and priorities of recipients. In this regard, he noted that predictability of funding, transparency, efficiency and independence were essential in lending a demand-driven orientation to this pillar.

7. The representative of **Honduras**, speaking on behalf of the **Latin American and Caribbean Group**, said that the Mid-term Review provided an opportunity to reinforce UNCTAD's role among global economic institutions, to address problems and imbalances faced by developing countries and to respond to their requirements. Through its research, analysis and technical cooperation activities, the organization offered developing countries practical and alternative tools, conceptual solutions and opportunities for the exchange of experiences and best practices. Recognizing UNCTAD's comparative advantage over international bodies and forums, he said that the secretariat should assist its universal forums by presenting systematic, independent and integrated analyses of macroeconomic issues in the areas of trade, finance, investment, technology, environment and international cooperation, as well as by elaborating related proposals regarding these issues and new emerging ones.

8. The three pillars of UNCTAD's mandate were equally important. Only on the basis of its analysis and research work was the secretariat able to assist in achieving concrete results in the areas of technical cooperation and consensus-building, such as those related to international commodity agreements, the Generalized System of Preferences and the innovative concept of policy space. UNCTAD's analysis and research work must continue and be further carried out on key issues related to trade and development. Referring to the consensus-building pillar, he suggested that the Trade and Development Board develop each year an agenda that included key development items for developing countries. UNCTAD's *Trade and Development Report* should be regarded as a valuable contribution to this debate, taking into account the various levels of development in the region. Its technical cooperation should continue to play a fundamental role in supporting the preparation of developing countries for, and their participation in, multilateral trade negotiations and in strengthening their capacities. Its efficiency and relevance would depend on the integration of the three pillars and the availability and predictability of financial resources and voluntary contributions free of any constraints or conditions. Its value added and credibility were linked to UNCTAD's analytical work and to the results of debates among member States on development and policy issues. In the case of Latin America and the Caribbean, activities provided through the three pillars should be developed according to the needs and characteristics of each country. Technical cooperation should also consider the development dimension, in line with the new Technical Cooperation Strategy for UNCTAD adopted in 2004. In conclusion, the representative reiterated that his group considered that the three pillars of UNCTAD's mandate should be maintained and strengthened, and be adapted to the needs of their member States.

9. The representative of the **Czech Republic**, speaking on behalf of **Group D**, said that while her group appreciated the work of UNCTAD in the field of research and analysis, in particular the quality of some of its main publications, it was necessary to ensure sufficient coordination with other organizations and institutions to avoid duplication. The outcome of the work in this field should serve as a basis for other activities of UNCTAD and should be properly disseminated among policymakers in beneficiary countries through an effective communications strategy. Regarding consensus-building, she expressed her group's willingness to elaborate on many of the ideas in the secretariat's report that appeared to be relevant and interesting, and to discuss possible ways of improving the work of the Trade and Development Board, the commissions and expert meetings. Technical cooperation must be shaped by the demands and needs of beneficiary countries, and its transparency and effectiveness must be enhanced. Finally, she expressed support for better coordination and increased coherence among the three pillars and called for the strengthening of the interlinkages among them.

10. The representative of the **United States of America** said that her country supported UNCTAD and appreciated its work in assisting developing countries in integrating themselves into the global economy. UNCTAD had important work to do in producing objective and targeted research and analysis to further the understanding of the role of trade in poverty reduction, as well as providing practical assistance to developing countries. It should continue to work in creative partnership with other international organizations, thereby enriching the work of all involved; however, it should focus its efforts on those areas where it had expertise and a unique contribution to make, so as to eliminate unnecessary duplication. The delegate emphasized that increasing efficiency and reducing redundancy would make the United Nations a better servant of development. She also said that the present session provided a good opportunity to examine UNCTAD's three pillars with a view to identifying ways to make them more effective. Acknowledging that the session was neither the time nor the place for sweeping changes to UNCTAD's work or mandate, she called for the cooperation of all to identify areas of common concern and for attention to be focused on them.

11. The representative of **Thailand** stated that in the light of the UN reform and the work of the Secretary-General's High Level Panel, UNCTAD could play a critical role in enhancing coherence in the area of development. He noted that strengthening UNCTAD's three interconnected pillars would help achieve the objectives of the Millennium Development Goals and contribute to the follow-up to major international conferences. In research and analysis, he highlighted investigating policy space available to developing countries, generating an integrated view of global economic issues, establishing worldwide linkages with the development research community and better utilizing the various UN regional offices. With regard to consensus-building, he identified areas for improvement in the structure of the various meetings, starting with the Trade and Development Board, the commissions and expert meetings. Referring to technical cooperation, he stressed that improved delivery of tailor-made activities and efficient management were key elements, and commended the Secretary-General's efforts in streamlining administration and enhancing the UNCTAD secretariat's responsiveness to the needs of member States. As one possible way for improvement, he suggested the tracking of technical cooperation activities carried out by all divisions of UNCTAD at the national and regional levels.

12. The representative of **China** said that through exercising its three functions in respect of policy analysis and research, intergovernmental debate and technical cooperation, UNCTAD had not only provided the developing countries with significant and highly effective

assistance which promoted South–South cooperation and South–North dialogue, but also assisted developing countries in coping with the challenges of economic globalization. In the area of research and policy analysis, the TDR, WIR and LDC reports and other research undertakings had had an important international impact, and had been used by many member States as important references in policymaking. He expressed his appreciation for UNCTAD's support to some of its members in their WTO accession process and the Doha trade negotiations. UNCTAD's intergovernmental meetings at various levels had also provided good opportunities to share development experiences, promote consensus-building and contribute positively to UN summits, other important international conferences and the Doha round trade negotiations. Referring to technical assistance, the representative acknowledged that considerable amounts of tailor-made and effective assistance had been provided at the request of member States in the areas of trade and development, where UNCTAD's comparative advantage lay.

13. He emphasized that the unique role and comparative advantage of UNCTAD should be further strengthened, particularly at a time when efforts were being made to enhance the UN's role in promoting development. The Mid-term Review should therefore, first of all, help to make UNCTAD's functions more in tune with the present needs of the developing countries as well as the realities of world economic development. Second, it should tap further into UNCTAD's comparative advantage. Third, it should ensure that the three functional pillars of UNCTAD were complementary, with research and policy analysis underpinning intergovernmental debate and technical assistance. The delegate said that while intergovernmental meetings functioned as a platform for building consensus for the other two pillars, technical assistance was the tool with which to implement the outcome of the other pillars.

14. The representative of **South Africa** recalled UNCTAD's unique mandate, and stressed the need to clearly reaffirm its continued relevance within the United Nations system. She emphasized that its three interlinked pillars should be preserved and strengthened, with research and analysis being the key driver of UNCTAD's work and the organization's integrity and intellectual independence being maintained. Continued attention should be given to identifying obstacles that limited the ability of developing countries and LDC economies to fully benefit from globalization. The representative also said that UNCTAD played a critical role in building consensus and confidence in the multilateral trading system. She supported the holding of a wide range of one-off expert meetings rather than focusing on multi-year events, the placing of more emphasis on interactive policy deliberations amongst member States rather than on panel discussions in the commissions, and the reintroduction of executive sessions for substantive discussions on the LDCs and on Africa. She expressed her concern about UNCTAD's inability to implement its technical cooperation activities in accordance with the agreed principles of capacity-building, transparency, predictable funding and independence. Technical cooperation should respond to the needs of the beneficiary countries and funding should follow activities, not the other way round. In this respect, she reiterated the need to increase the regular budget of UNCTAD.

15. The representative of the **Islamic Republic of Iran** said that since the pillar of research and analysis was the driving force behind UNCTAD activities and the effectiveness of the other two pillars depended on the first pillar, its autonomy and integrity were absolutely vital for UNCTAD's credibility. As for the second pillar, namely the intergovernmental process of consensus-building, he believed that the full implementation of the guidelines of 1998 and the decisions of 2002 could improve its functioning, and that expert meetings would be the major component of the existing structure, which should add value to the policy dialogue.

Follow-up to major UN conferences, the coherence and various aspects of globalization and interdependence, and institutional arrangements at the multilateral level required more substantive discussions, which should be associated with the necessary arrangements in the intergovernmental process. Referring to the third pillar of technical cooperation activities, he said that they should be demand-driven and based on the priorities and development strategies of the beneficiary countries, and that the flexible nature of its technical assistance due to the decentralized structure should be preserved. He emphasized that greater amounts and predictability of funding, and enhanced transparency and effectiveness, together with better dissemination of their outcomes, could serve to promote and facilitate outreach for technical assistance activities.

16. The representative of **India** said that UNCTAD should continue to contribute to a greater understanding of the interface and coherence between international processes, negotiations and development strategies that developing countries needed to pursue. It should also continue to monitor and assess the evolution of the international trading system and of trends in international trade from a development perspective, as well as to analyse issues of concern to the developing countries. She reaffirmed the importance of strengthening UNCTAD's three functional pillars, making them more effective, and enhancing their coordination and synergy. She stressed that building synergies, cutting costs and avoiding duplication all had their value but not at the expense of UNCTAD's mandate, to which developing countries attached particular importance, nor at the expense of ensuring predictable and stable core financial resources for the organization.

17. The representative of **Egypt** suggested that a benchmark be established so as to ensure that the objective of strengthening the three functional pillars of UNCTAD be achieved. To that end, he suggested a model which would encompass two complementary "quantitative" and "qualitative" dimensions that could be applied to the three pillars.

18. The representative of **Tonga** said that while appreciating UNCTAD's initiatives and efforts in research and analytical work on development issues, his country emphasized the need to include all Pacific island countries, where relevant, in that work. In particular, he attached great importance to building supply and export capacity, trade facilitation, the impact on national development of liberalization of trade in services, and, most importantly, competitive strategies for island countries on trade in agricultural and industrial goods. He pointed out the need to determine how the results of research had been made available to small island countries, as well as how the Governments of those countries could effectively utilize and link them to the development of their respective national policies. Acknowledging the importance of building consensus on key international and national issues, he saw the process containing two tracks: (i) domestic consensus-building between Governments and their respective stakeholders on development issues in order to ensure a widely-held sense of ownership of Governments' foreign policy; and (ii) regional and international consensus-building to ensure that small island countries in the Pacific had a unified position. Other topics of particular interest included the limited financial support, which jeopardized the participation of those countries in important meetings, as well as limited human resources for essential trade and development issues. In conclusion, the representative underscored the important role of technical assistance activities in allowing small island countries to participate in and contribute to the multilateral trading system.

19. The representative of the **Philippines** said that the Mid-term Review work should learn from past experiences and direct the discussions towards building consensus among member States. He referred to the three pillars of UNCTAD's mandate and their interdependence and interrelation as a means of producing significant innovative outputs, and further emphasized

the importance of policy analysis for effective and valuable technical cooperation activities. To ensure coherence, UNCTAD's work should be based on a complementary approach, and a policy dialogue should be initiated with other entities and regional organizations.

Chapter II

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

1. Opening of the session

20. The second part of the special session was opened by Mr. Ransford A. Smith (Jamaica), President of the Board.

2. Adoption of the agenda

21. The agenda was as adopted at the first part of the session, namely:

1. Adoption of the agenda and organization of work
2. Stocktaking in respect of the implementation of the São Paulo Consensus¹
3. Strengthening the three pillars of UNCTAD:
 - (a) Consensus building
 - (b) Research and analysis
 - (c) Technical cooperation
4. High-level policy dialogue and the way forward²
5. Institutional, organizational, administrative and related matters:
 - Administrative and financial implications of the actions of the Board
6. Other business
7. Adoption of the report of the Board

3. Bureau

22. The Bureau of the Board was as elected at its fifty-second session. The Bureau was thus as follows:

President:	Mr. Ransford A. Smith	(Jamaica)
Vice-Presidents:	Mr. Juan Antonio March	(Spain)
	Mr. Wegger Christian Strømmen	(Norway)
	Mr. Juan Antonio Fernández Palacios	(Cuba)
	Mrs. Brigitta Maria Siefker-Eberle	(Germany)
	Mr. Iouri Afanassiev	(Russian Federation)
	Ms. Melissa Kehoe	(United States)
	Mr. Sameh Shoukry	(Egypt)
	Mr. Kwame Bawuah-Edusei	(Ghana)
	Mr. Gyan Chandra Acharya	(Nepal)
	Mr. Musa Burayzat	(Jordan)
Rapporteur:	Mr. Levan Lomidze	(Georgia)

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¹ Taken up at the first part of the session (TD/B(S-XXIII)/4).

² To be taken up at the third part of the session in September 2006.