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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**Report of the Commission on Enterprise,  
Business Facilitation and Development  
on its sixth session**

held at the Palais des Nations, Geneva,  
from 18 to 21 February 2002



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## Chapter I

### AGREED RECOMMENDATIONS AND AGREED CONCLUSIONS ADOPTED BY THE COMMISSION AT ITS SIXTH SESSION

#### **Electronic commerce and international transport services: Best practices for enhancing the competitiveness of developing countries**

##### *Agreed recommendations*

1. In its deliberations on the impact of electronic commerce on international transport services and best practices for enhancing the competitiveness of developing countries, the Commission took note of the secretariat documents available for consideration under this item<sup>1</sup>.
2. The Commission noted the importance of electronic commerce as a vehicle for improving the efficiency of transport services and for promoting the participation of developing countries in global trade. The Commission agreed that the obstacles facing many developing countries in this context include lack of transport and telecommunication infrastructure, lack of an appropriate legal framework and lack of necessary skills of traders and providers of transport services.
3. The Commission accordingly made the following recommendations and invites the international community, including UNCTAD, to take into account the special needs of LDCs when implementing them.

##### **Recommendations at the national level**

4. Governments are encouraged to promote investment in transport, telecommunications and information technology infrastructure and other supporting and related services such as postal and courier services and to enter into regional cooperation agreements, as appropriate, with the aim of coordinating investment programmes in these areas.
5. Governments are urged to examine their existing legal infrastructure with a view to streamlining and adapting it to the requirements of electronic transactions. In this respect, consideration would need to be given to the existing international rules and guidelines, such as the United Nations Commission on International Trade Law (UNCITRAL) Model Laws on Electronic Commerce and on Electronic Signatures. Adopting the existing international

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<sup>1</sup> Report of the secretariat on “Electronic commerce and international transport services” (TD/B/COM.3/EM.12/2); Report of the Expert Meeting on Electronic Commerce and International Transport Services: Best Practices for enhancing the competitiveness of developing countries” (TD/B/COM.3/38-TD/B/COM.3/EM.12/3); and a secretariat report to the Commission entitled “Electronic commerce and international transport services: Enhancing the competitiveness of developing countries (TD/B/COM.3/42).

transport treaties that allow the use of electronic transport documents would also need to be considered.

6. Governments are encouraged to simplify administrative regulations and practices, in particular customs procedures, to facilitate electronic commerce and transport operations, taking into consideration the ongoing work of international organizations such as UNCTAD, UN regional economic commissions and WTO.

7. Governments, customs, port authorities, port communities and transport operators are encouraged to undertake the necessary measures to establish port community systems and logistics platforms to facilitate the exchange of information amongst traders, service providers and administrations using international standard messages.

8. Commercial parties are encouraged to revise their existing commercial practices with respect to the use of traditional negotiable transport documents and to limit their use, whenever possible. The use of electronic alternatives to traditional transport documents should also be encouraged.

9. To ensure competitiveness and to bridge the digital divide in this field, Governments and enterprises are encouraged to facilitate and promote electronic commerce by: (a) improving connectivity and access to the Internet; (b) introducing a regulatory environment that allows for a reduction in telecommunication and Internet charges; and (c) promoting public awareness of and education in all aspects of electronic commerce and the opportunities and benefits it offers.

10. Governments are encouraged to become model users of electronic commerce and to provide information and services electronically.

### **Recommendations to the international community**

11. The international community is encouraged to provide assistance to developing countries in order to bridge the digital divide. In this regard, the international organizations are encouraged to strengthen their legislative, technical and financial assistance to developing countries in the following areas: (a) reviewing and adapting national laws and regulations; (b) promoting awareness, and providing education and training; (c) developing transport and telecommunications infrastructures; and (d) strengthening transport and telecommunications services providers.

12. International organizations involved in electronic commerce and transport should cooperate and coordinate their activities to improve the competitiveness of developing countries' trade and transport operators.

## **Recommendations to UNCTAD**

13. UNCTAD should:
- (a) Keep under review and monitor developments relating to economic, commercial, legal and infrastructure aspects of electronic commerce affecting international transport services, and analyse the implications thereof for developing countries, and furthermore collect and disseminate this information to member countries.
  - (b) Undertake studies on the use of traditional transport documents in international trade, particularly the extent to which negotiable bills of lading are necessary for modern-day international trade, and the extent to which they can be substituted by non-negotiable transport documents, such as sea waybills, and by electronic alternatives.
  - (c) Develop and deliver training materials, where appropriate, and disseminate information on best practices in the field of electronic commerce and international transport services for developing countries in cooperation with relevant public and private sector organizations.
  - (d) Prepare guidelines for the establishment of model port community systems and logistics platforms in developing countries.
14. In carrying out this work, UNCTAD should maintain close cooperation with relevant actors such as intergovernmental and non-governmental organizations.

### **Improving the competitiveness of SMEs in developing countries: Role of finance, including e-finance, to enhance enterprise development**

#### *Agreed recommendations*

1. In its deliberations on finance and e-finance for SMEs, the Commission took note of the secretariat documents available for consideration under this item<sup>1</sup>.
2. The Commission recognized that sustainable economic growth is strongly related to the rate of enterprise creation, which in turn depends on a nation's entrepreneurial culture and the ease with which SMEs can be started and financed. Although SMEs provide at least 60-70 per cent of all jobs, financial institutions often find it difficult to lend to SMEs for

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<sup>1</sup> Report of the secretariat entitled "Improving SME competitiveness: Access to finance and e-finance" (TD/B/COM.3/43); Report of the Expert Meeting on Improving the Competitiveness of SMEs in developing countries: The role of finance, including e-finance to enhance enterprise development (TD/B/COM.3/39-TD/B/COM.3/EM.13/3); and background papers entitled "Best practices in financial innovations for SMEs (UNCTAD/DITE/TEB/Misc.1), and "E-Finance and small and medium-size enterprises in developing countries and transition economies" (UNCTAD/SITE/Misc.48).

reasons such as perceived high risk and high transaction costs. Appropriate policy measures could play an important role in improving SMEs' access to financing.

3. The emerging global, regional and local e-finance services open, for enterprises from developing and transition economies, new opportunities to pay and get paid online, enter the Internet-based credit risk databases, and obtain e-trade finance, e-credit insurance and eventually longer-term capital more rapidly and at less cost. However, to achieve that stage, the overwhelming majority of SMEs in developing countries should greatly improve their capacity to use ICT and especially the Internet, as well as to resolve the related issues of trust and knowledge necessary to practice e-commerce and e-finance.

4. The Commission accordingly made the following recommendations and invites the international community, including UNCTAD, to take into account the special needs of LDCs when implementing them.

### **Recommendations at the national level**

5. Governments are encouraged to put in place the legal and regulatory framework that facilitates development of finance and e-finance for SMEs, as well as infrastructure such as credit bureaus and other relevant information services.

6. Governments, and where appropriate central banks, are urged to encourage commercial banks to disclose the composition of their loan portfolios by size of enterprise and gender of the client.

7. Governments are encouraged to improve the reliability of financial information provided by SMEs by adopting user-friendly accounting and reporting requirements.

8. Governments are encouraged to support public/private sector partnerships for SME venture capital funds and investment funds ensuring a level playing field for all market participants. In the case of LDCs, these investment funds should accept longer time horizons and payback periods because of the better risk-sharing within the partnership.

9. Governments are further encouraged to ensure that domestic financial institutions reach the underserved segment of women entrepreneurs by *inter alia* offering special credit lines to women entrepreneurs.

10. Both the public and the private sector are encouraged to promote e-finance for SMEs by ensuring that financial regulations are technology-neutral and by creating a supportive institutional environment that facilitates e-payments, Internet banking, e-credit information, e-trade finance and e-credit insurance and other on-line finance for enterprises.

### **Recommendations to the international community**

11. The international community is urged to consider debt swaps, within existing aid budgets, as a means of strengthening local financial institutions by providing them with medium and long-term finance for SMEs in local currency. Debt swaps could also be used to provide business development services, including enhancement of human resources. Thus debt swaps could significantly contribute to the development of local financial markets and business development services.

12. Relevant international organizations are encouraged to disseminate information on financial innovations and undertake capacity-building in developing countries and transition economies to train commercial bank staff to better serve SMEs by improving credit policy-making, risk management, credit information and management systems, and efficient marketing and distribution.

13. The international community is encouraged to support efforts of developing countries in the development of e-finance infrastructure, including for SMEs, and to promote the introduction of e-finance through training, co-financing and various partnerships between local and international financial service providers.

14. In light of EMPRETEC's important role in helping SMEs increase their access to financing, the international community is encouraged to consider providing funding in order to strengthen the EMPRETEC programme and fully implement the recommendations made by the Trade and Development Board.

### **Recommendations to UNCTAD**

15. UNCTAD should:

- (a) Through its Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, complete its work on a user-friendly accounting framework for SMEs that will allow them to produce transparent, reliable and uniform financial and business information, and report back to the Commission as soon as possible;
- (b) Strengthen its technical cooperation programmes for entrepreneurship, including where appropriate in cooperation with ITC, in order to improve meaningfully the creditworthiness of SMEs by linking its business development services to financial services through partnerships between national programmes such as EMPRETEC and banks;



- (c) Monitor the development of new products and innovative financial mechanisms pertinent to the EMPRETEC programme so that participants can more easily access them, including environmentally and socially responsible investment funds;
- (d) Continue its work on business linkages, including interfirm cooperation and partnerships, as one of the most efficient ways to access finance, technology, skills and markets;
- (e) Incorporate the aspects of e-finance and e-commerce that are more relevant to the needs of SMEs into UNCTAD technical cooperation activities and ensure coordination and synergies with other international organizations active in this field;
- (f) Organize regular fora, including regional seminars and group training, to sensitize Governments, central banks, financial service providers and the corporate sector in developing and transition countries to the advantages of electronic finance at the local, regional and global levels;
- (g) Encourage Governments, central banks and financial institutions to provide information on e-finance for the purposes of analysis, intergovernmental deliberations and technical cooperation.

### **Mainstreaming gender in order to promote opportunities**

#### *Agreed recommendations*

1. The Commission took note of the outcome of the Expert Meeting on Mainstreaming Gender in Order to Promote Opportunities, as contained in document TD/B/COM.3/40-TD/B/COM.3/EM.14/3.
2. The Commission recognized that mainstreaming gender in policy making and implementation is necessary to achieve development goals. Including the contribution, perspectives and priorities of women and men in economic policies and programmes is critical for the success of these very same policies and programmes.
3. The Commission accordingly invites Governments, the international community and UNCTAD to consider all the recommendations made by the Group of Experts in the five areas of commodities, trade in services, FDI policy, enterprise development and information and communications technology (ICT) policy.

4. The Commission made the following recommendations on the areas of entrepreneurship and information and communications technology (ICT) and invites the international community, including UNCTAD, to take into account the special needs of LDCs when implementing them.

#### **Recommendations at the national level**

5. Governments are urged to review and adapt laws and commercial regulations to enhance women's access to ownership and use of economic resources.

6. Governments are urged to collect gender-disaggregated statistics on entrepreneurship and ICT in order to better evaluate the gender impact of their policies.

7. To ensure that domestic financial institutions reach the underserved segment of women entrepreneurs, Governments should:

- (i) Encourage commercial banks to report the composition of their loan portfolios by gender of client;
- (ii) Support innovative financial incentives for women entrepreneurs, such as special credit lines; and
- (iii) Promote linkages between lenders and business development service providers to support women entrepreneurs.

8. Recognizing the importance of knowledge and the Internet, Governments should ensure rapid, equitable and affordable access to the Internet and ICT for women by taking all the appropriate measures.

9. In order to ensure that women take advantage of the opportunities created by the Internet and electronic commerce, Governments are encouraged to implement various awareness-raising and training programmes aimed at women, especially in rural areas.

10. In order to provide women with the full advantage of ICT, Governments are encouraged to increase the participation of women in the information technology sector by designing policies aiming at promoting the participation of female students in ICT-related courses and increasing the representation of women in ICT policy-making bodies.

#### **Recommendations to the international community**

11. Relevant international organizations should promote training programmes for bank management and staff in order to sensitize them to the needs of women entrepreneurs and the potential benefits of reaching this underserved market.

12. Relevant international organizations are urged to collect gender-disaggregated statistics in their field of specialization.

13. The international community is encouraged to support efforts made at the national level in the development of necessary infrastructure to provide rapid, equitable and affordable access to the Internet and ICT for women.

### **Recommendations to UNCTAD**

14. UNCTAD should:

- (a) Mainstream gender in all areas of work, as appropriate. In doing so, a focal point on gender should be identified in each division of UNCTAD, with the responsibility to integrate the gender dimension in all substantive areas of the division, without prejudice to the work of the overall coordination of the focal point on women designated by the Secretary-General;
- (b) Review its capacity-building programmes, particularly EMPRETEC and MED 2000, so that they are gender-sensitive and can effectively provide training and advice to improve women entrepreneurs' access to finance, e-finance and e-commerce;
- (c) In cooperation with the International Telecommunication Union (ITU):
  - (i) Carry out analytical and case-study-based work on gender and ICT, identifying the specific opportunities in the digital economy for women;
  - (ii) Develop sex-disaggregated indicators and contribute to the collection of data on ICT and the telecommunications sector in order to identify the impact of ICT on women and women's impact on ICT;
  - (iii) Identify policies for mainstreaming gender in national ICT policy making, including the telecommunications sector, with a view to enhancing the participation of women in the digital economy and thus contributing towards increasing the competitiveness of developing countries;
  - (iv) Develop recommendations on mainstreaming gender in ICT policy for inclusion in the outcome of the World Summit on the Information Society (WSIS), to be held in Geneva in 2003 and in Tunisia in 2005.

**Implications for the work of the commission following  
the Doha Ministerial Meeting**

*Agreed conclusions*

1. The Commission welcomes the plan for “Capacity Building and Technical Cooperation for Developing Countries, especially LDCs, and Economies in Transition in Support of their Participation in the WTO Doha Work Programme” (UNCTAD/RMS/TCS/1), which reflects the specific requirements of the least developed and African countries and which was considered at the sixth session of the Commission on Trade in Goods and Services, and Commodities.
2. The Commission recognizes the contribution of UNCTAD’s work programme on trade facilitation and electronic commerce to exploring the range of issues that needs to be considered, identifying the interests of developing countries, ensuring that the development dimension is addressed and providing technical assistance. This capacity building work seeks to facilitate the greater participation of developing countries in international trade.
3. The Commission calls on UNCTAD to implement, taking into account the special needs of LDCs, a comprehensive work programme in the area of trade facilitation, building on the accumulated experience of the organization without negatively affecting the ongoing activities of UNCTAD. The work programme would provide, in line with paragraph 27 of the Doha Ministerial Declaration, enhanced technical assistance and capacity building with long-term sustainable impact to further expedite the movement, release and clearance of goods, including goods in transit. This programme would identify the major issues and address policy analysis and development, human resources development and institutional development. It would also identify trade facilitation needs and priorities to allow developing countries to better evaluate the implications of closer multilateral cooperation for their development policies and objectives.
4. Furthermore, the Commission recognizes the importance of creating and maintaining an environment that is favourable to the future development of electronic commerce, as provided for in paragraph 34 of the Doha Ministerial Declaration. Support is required to bridge the digital divide in order to create new opportunities for the expansion of trade. To this end, the Commission stresses the need for strengthened and adequately resourced assistance to respond to these needs, as outlined in document UNCTAD/RMS/TCS/1.
5. To maximize benefits in the fields of competence of this Commission, UNCTAD is encouraged to continue collaboration with other relevant international organizations, such as the World Trade Organization (WTO), the UN regional commissions and specialized institutions, as appropriate.

6. The Commission calls on donors and countries in a position to do so to provide the UNCTAD secretariat with the necessary means and assistance to undertake the enhanced programmes in trade facilitation and electronic commerce, as set out in the above-mentioned plan. The practical implementation of the plan should not be at the expense of the resources devoted to the ongoing work, with full use being made of possible synergies.

7. The Commission requests the secretariat to report to its next session about the progress made in the areas of trade facilitation and electronic commerce.

## Chapter II

### OPENING STATEMENTS

1. The **Secretary-General of UNCTAD** said that the subjects to be discussed by the Commission were central to development efforts for two reasons. First, one should not lose sight of the necessary link between the macroeconomic environment and micro activities. Second, in the current approach to development, the key actors in the market economy were enterprises. They determined if a development strategy would be successful. The interactions among enterprises and Governments were, therefore, of central importance. With regard to the conditions that enterprises needed in order to be able to fulfill their development role, while trade negotiations were extremely necessary, they were, in themselves, not sufficient conditions for development. The final outcome would depend, among other things, on the existence of a productive sector that could respond immediately to the opportunities created. Otherwise, trade opportunities would have no impact. There were many factors that allowed the productive sector to respond to trade opportunities. Some of them depended on enterprises, entrepreneurs, and their personal capacity for innovation, but others depended on Governments, such as efficient customs administration, trade facilitation, electronic commerce and infrastructure, adequate legislation, etc. These could not be resolved at the micro level.

2. He briefly drew the Commission's attention to the case of Enron and how its failure had wide repercussions. It was a classic case of the failure of corporate governance at all levels. It was surprising that a country that had served as a model for the global market economy could have such serious problems, and there were many lessons to be learned in terms of adequate supervision, accounting and reporting.

3. With regard to salient points that had been discussed at Expert Meetings, one of the specific concerns related to the provision of adequate financing, especially for small and medium-size enterprises. Most importantly, there was a glaring gap in international financing: on the one hand micro-finance was available for micro-enterprises, and on the other hand larger companies had access to financing, but financing on reasonable terms was not available for SMEs. While there were important obstacles to overcome, much could be achieved by Governments working together to promote best practices that reduced risks and transaction costs.

4. Lastly, he emphasized that helping enterprises to become more competitive was at the heart of development and would determine what benefits could be derived from the Doha Ministerial Conference and the follow-up to it.

5. The representative of **Egypt**, speaking on behalf of the **Group of 77 and China**, said that the three expert meetings whose recommendations would serve as the basis for the Commission's policy recommendations all dealt with issues high on the development agenda. The Group of 77 and China emphasized the need to strengthen communication infrastructures in general and transport and trade facilitation in particular and to reinforce the small and medium-size enterprise sector through national, regional and international support measures. The role of gender in the development debate must be considered, wherever relevant, and

UNCTAD should make it a point to mainstream gender issues in the various areas of its work, as it had already successfully done in enterprise development.

6. The Group of 77 attached great importance to the work carried out by the Expert Meeting on Electronic Commerce and International Transport Services held in September 2001. New technologies were shaping the global economic landscape in which firms from developing and developed countries operated. A firm's competitiveness was measured by its capacity to link to global markets in real time, delivering quality goods. In this respect, firms from developing countries, and especially LDCs, faced a number of particular obstacles, such as the insufficient development of telecommunications, the limited availability and high cost of transport facilities, and difficulty in accessing finance at a reasonable cost. To remedy the situation, a sustained effort by national Governments as well as the international community was called for. The Commission should give attention to this subject in its future work.

7. UNCTAD's focus on small and medium-size enterprises (SMEs) in respect to financing was welcomed. Small and medium-size enterprises were the backbone of their economies. They contributed to economic growth in general and to employment generation in particular, but also to social development. As the Secretary-General of UNCTAD had said, the real challenge after Doha was to make enterprises in developing countries ready to seize the opportunities that might arise from new international trading opportunities.

8. Building productive capacity or relieving supply constraints required the existence and/or creation of a strong and vibrant SME sector. Thus SMEs held the key to economic development. For the sector to flourish, the creation of the right conditions to generate self-financing, as well as to access local and international finance on reasonable terms, was necessary. Between financial institutions preferring to lend to larger corporate borrowers or to Governments on the one hand and the focus of donor-driven micro-finance schemes on the other, a void was left as far as SMEs were concerned. Key in this respect was capacity building, since providing finance alone without technical support and business development services rarely led to sustainable results. The Group of 77 and China encouraged UNCTAD to continue work on improving the competitiveness of SMEs by enhancing productive capacity through easier access to finance, technology and other relevant means.

9. With regard to the issue of gender mainstreaming, it was noted that, to date, women's entrepreneurship had not received the concerted and coordinated attention it warranted. The Group had taken note of the policy options and recommendations proposed in the Expert Meeting of 2001, many of which were already on the national agendas of many of its member States, while other recommendations were being carefully considered for inclusion in development strategies, wherever appropriate.

10. In respect of gender and ICT, ICT and electronic commerce played an increasingly important role in enhancing economic growth and development, but despite the great potential of ICT and the Internet, only those who had access to them at affordable rates and knew how to use them in an effective way would benefit. In many developing countries, many of the poor, a large proportion of whom were women, and many living in rural areas, unable to afford computers and often living in houses with no connection to the national telecommunication infrastructure, risked being marginalized. On the other hand, experiences shared in the Expert Meeting showed that new technologies, if accessible and used, could bring new business opportunities to women, especially in the developing countries. The

Group therefore endorsed the outcome of the Expert Meeting, underscoring that knowledge and the Internet were public goods and that therefore all appropriate measures should be taken to ensure rapid, equitable and affordable access to the Internet and ICT, especially for women.

11. The representative of **Sri Lanka**, speaking on behalf of the **Asian Group and China**, expressed full support for UNCTAD's work on electronic commerce, which was a useful complement to the work that was taking place at the regional level. He commended the outcome of the Expert Meeting on Electronic Commerce and International Transport Services, which would assist in promoting the use of electronic commerce and in strengthening transport service providers in developing countries. Further, the development of a legal framework allowing the use of electronic documentation was important to enable the spread of electronic commerce.

12. In the context of the recent economic downturn, he emphasized the importance of UNCTAD's recent work in the area of SME financing and encouraged the continuation of practical technical assistance programmes that would make SMEs more creditworthy and bank personnel better able to evaluate SME loan applications. These activities could be made more efficient by applying information technology, and UNCTAD should pursue its work on e-finance for enterprise development. Finally, he recommended that UNCTAD include the gender dimension in its overall work on ICT and electronic commerce and suggested that UNCTAD carry out analytical work on the gender dimension of ICT and e-commerce, identifying opportunities created for women in the digital economy. The Asian Group and China expressed concern about the lack and poor quality of data on electronic commerce and encouraged the secretariat to continue to work in this area, so as to ensure that data were internationally comparable.

13. The representative of **Bangladesh**, speaking on behalf of the **least developed countries**, commended the work of the Expert Meeting on E-commerce and International Transport Services and noted that an efficient system for the movement of goods for export was essential for the products to be competitive and for adequate returns to the manufacturers to materialize. He also noted that there was a clear distinction to be made between business-to-business and business-to-consumers e-commerce. While business-to-consumer e-commerce was impractical at this stage for many LDCs, due *inter alia* to the limited use of credit cards and electronic commerce, business-to-business e-commerce was becoming a way of life. He then emphasized the role of micro and medium-size enterprises in the LDCs economies. While several LDCs – and especially Bangladesh - had encouraging examples of financing of micro enterprises, the problems of SME financing were much more complex because the usual banking channels were simply unable to cater to such demands. He therefore reiterated the support of the LDCs for continued UNCTAD activity on the subject of financing for SMEs. However, due to the limited penetration of information technologies and the lack of appropriate regulations, the use of e-finance for SMEs still required caution. As regards the topic of mainstreaming gender to promote opportunities, the LDCs had undertaken initiatives that encouraged the participation of women in the socio-economic development process; these schemes demonstrated that, given the opportunity, women could undertake important entrepreneurial activity. The LDCs regarded the gender dimension as critical in the development process and complimented UNCTAD for its attention to this subject.



14. The representative of **Spain**, speaking on behalf of the **European Union**, congratulated the secretariat for the quality of the documentation prepared for the various Expert Meetings, and also made special reference to the *E-Commerce and Development Report 2001*.

15. Good practices in e-commerce and international transportation were key for the facilitation of trade. The interest shown in the Expert Meeting of September 2001 on the subject, as reflected by the high number and quality of experts attending, was illustrative of the importance attached to the issues involved. The technical assistance that UNCTAD had provided and should continue to provide was well appreciated.

16. In efforts to increase the competitiveness of SMEs in developing and developed countries, access to finance, including e-finance, was necessary. Action was therefore required in terms of strengthening institutions, developing new systems for accessing finance, and establishing an appropriate supervisory and regulatory framework.

17. The EU attached importance to gender mainstreaming as a basis for a real and balanced development of society, as reflected in the Bangkok Declaration. The recommendations of the Expert Meeting on gender mainstreaming should be taken into account in all areas of work of UNCTAD and not only in the area of work of the Commission. A focal point should be established to monitor the implementation of the recommendations of the Expert Meeting.

18. The new item 7 on the agenda dealt with the implications for UNCTAD of the fourth WTO Ministerial Conference. UNCTAD had considerable experience in several relevant areas, such as trade facilitation, and was well placed to make a contribution in those areas.

19. In deciding on new themes to be taken up by future semi-permanent expert meetings, the Mid-term Review process, currently under way, would need to be kept in mind. It would be important to determine which subjects could serve as focal points and where UNCTAD had a comparative advantage.

20. As many areas of UNCTAD's work were connected to work undertaken by ITC, cooperation with ITC was necessary in order to avoid duplication of work. One area for cooperation was ITC's e-Trade Bridge.

21. The representative of **Uganda**, speaking on behalf of the **African Group**, noted that the information revolution had vastly changed the way that business was conducted. In this context, three major challenges faced the African region: the urgent need to develop suitable and adequate transport infrastructure to move goods and services expeditiously and efficiently; the urgent need to develop modern and affordable telecommunications and information technology infrastructure; and the challenge of developing human resources in both the private and the public sector so as to increase competitiveness in the global arena.

22. The African Group believed that one of the major bottlenecks in the fight for survival, growth and competitiveness concerned access to finance on reasonable terms. It looked forward to the results of the Expert Meeting in question being carried forward to the Monterrey Conference on Financing for Development, and it welcomed the efforts of the chairperson of the Expert Meeting to transmit the outcome to the conference.

23. The issue of gender was pertinent to entrepreneurs and to the issue of financing SMEs in light of the importance of women entrepreneurs to economic development. For this reason,

the African group endorsed the recommendations of the expert meeting on the issue, including those relating to the mainstreaming of gender in information and communication technology policies. The importance of EMPRETEC as an engine for job creation, SME-TNC linkages and South-South cooperation should also be highlighted, and in that connection development partners might wish to provide funding with a view to strengthening and expanding EMPRETEC. Finally, the African Group looked forward to the implementation of the proposed post-Doha activities, using additional resources, while urging caution in the sense that the Bangkok Plan of Action should continue to be fully implemented.

24. The representative of **China** said that the Expert Meeting on transport and e-commerce had allowed an extensive and in-depth exchange of views and produced constructive suggestions, and it was hoped that the experts' views would be duly reflected in the outcome of the Commission's work. E-commerce gave rise to tremendous opportunities, but most developing countries had a weak communications infrastructure and had to bear high communications costs, so they faced serious constraints in the development of e-commerce. He welcomed the fact that UNCTAD's proposed technical cooperation programme to assist developing countries in participating actively in the post-Doha work programme included a proposal for capacity building in e-commerce, and he hoped that adequate funds could be mobilized for that project.

25. The representative of **Cuba** noted the precipitous growth of e-commerce in recent years and its overall economic importance. For developing countries to benefit from e-commerce, human resources had to be developed and educational levels and Internet access had to be improved. This required not only access to computer equipment but also increased infrastructure development. Rural areas, especially rural areas where there was little or no access to telephone connections or even to radio or television signals, had to be covered by such efforts. He endorsed the conclusions of the Expert Meeting and agreed that government had a role to play in improving the physical and educational infrastructure of developing countries, if they were to benefit from e-commerce.

26. His Government was convinced of the importance of this process, and in this light had developed a modern programme of education and informatization. This programme allowed students to acquire and make use of computer skills from primary school through the final years of higher education.

27. The illiteracy levels in Latin America were higher than the world average, and this further hindered e-commerce development. Support from the international community was greatly needed. The transfer of know-how and capital between enterprises of industrialized and developing countries was important, but South-South cooperative relationships were also extremely valuable.

28. The Expert Meeting report illustrated the difficulties faced by SMEs in obtaining finance and credit guarantees. It was of vital importance for Governments to look for solutions to SME financing. SME credit evaluation was hindered by insufficient transparency, and as a result SMEs were frequently offered unfavourable terms. Gender mainstreaming was important, not only as a matter of principle, but also out of respect for the contribution of women in general, and of women entrepreneurs in particular, to economic development. He agreed with the recommendations of the Expert Meeting in question.

### Chapter III

## **ELECTRONIC COMMERCE AND INTERNATIONAL TRANSPORT SERVICES: BEST PRACTICES FOR ENHANCING THE COMPETITIVENESS OF DEVELOPING COUNTRIES**

(Agenda Item 3)

29. For its consideration of this item, the Commission had before it the following documentation:

‘Report of the Expert Meeting on Electronic Commerce and International Transport Services: Best Practices for Enhancing the Competitiveness of developing Countries’ (TD/B/COM.3/38 – TD/B/COM.3/EM.12/3)

‘Electronic Commerce and International Transport Services: Best Practices for Enhancing the Competitiveness of developing Countries’ (TD/B/COM.3/42)

30. In introducing the item, the **representative of the secretariat** recalled the importance of the transport sector in the globalization and development process. Technological and organizational changes in the field of transport were largely based on the requirements of East-West rather than North-South trades. Developing countries had to bear higher transport costs, and the transport sector itself was only to a limited extent able to fulfill its role as catalyst of trade and development of developing countries. Electronic commerce applications in the field of transport not only boosted the efficiency of the transport sector, but also provided knowledge-based transport suppliers of developing countries with opportunities to extend traditional transport activities such as agency and freight forwarding operations into value-added logistics services. At the same time, there were legal constraints adversely affecting Internet and electronic commerce applications in transport. These shortcomings related particularly to the lack of an enabling legislative framework. Existing rules were still paper-based and not conducive to the replacement of traditional transport documents with electronic alternatives. Equally, documentary practices still favoured the use of negotiable transport documents, particularly in developing countries, despite the fact that documents of title were not really required in trade transactions, as there was no intention to change ownership during the transport process.

31. He drew attention for the need for Governments to provide not only for infrastructure but also for policy reforms that aimed at increasing the efficiency of the transport sector. In this context, he referred to the need for market access measures, which had been taken up at the global level in the WTO in the context of the General Agreement on Trade in Services (GATS), and equally, if not more importantly, the need for policy measures aimed at improving commercial capabilities of national operators. These policies would need to be supported by the international community, including UNCTAD, through measures designed to optimize the use of existing infrastructure. Such measures included particularly institutional capacity building and regulatory reform, as well as promotion of sustainable technology applications through know-how transfer and training. He noted that this approach to increasing efficiency was also reflected in the recommendations of the Expert Group addressed to operators, Governments and the international community, including UNCTAD.

32. The representative of **Canada**, speaking in her capacity as **Chairperson of the Expert Meeting on Electronic Commerce and International Transport Services: Best Practices for Enhancing the Competitiveness of Developing Countries**, reported that the Meeting had examined the impact of electronic commerce on international transport services, including economic, operational and legal aspects. The participation of 80 experts coming from the public and private sectors of 55 countries, including representatives from intergovernmental organizations, specialized agencies, regional commissions and non-governmental organizations, had allowed a broad and balanced coverage of the subject. National and regional presentations had revealed that there were wide disparities amongst the developing countries in their level of development in respect of electronic commerce which stemmed from inadequate transport, telecommunication and legal infrastructure, limited availability of computers and Internet access, and lack of basic knowledge.

33. Major transport operators from developed countries had developed and were successfully using web-based information and communication systems as an integral part of their business and were working towards the development of partnerships with their clients and the establishment of agreements to simplify procedures for arranging transport services. Developing countries were encouraged to use this technology to improve their transport services. Similarly, the development of port community systems offered the possibility of information exchanges between the main partners within a port, namely customs and other administrations, ocean carriers, land transport operators, terminal operators, freight forwarders and the trading community, to also improve transport efficiency. These systems could be of interest for landlocked countries to facilitate and increase documentary security on transit cargo from seaports.

34. Measures required to overcome the disparities included: investment in transport, telecommunications and information technology infrastructure at national level; introducing a regulatory environment that favoured a reduction in telecommunication and Internet charges; and enacting adequate legislation. Concerning legal issues, some progress was apparent: a number of Governments had enacted or were in the process of enacting legislation in order to adapt their laws to the requirements of electronic commerce, notably by addressing issues such as the need for 'written', 'signed' and 'original' documents. Such legal requirements in national laws and transport conventions presented barriers to the development of electronic commerce. Furthermore, the transport sector faced a particular challenge in terms of replacing negotiable transport documents, such as bills of lading, with electronic alternatives. It had emerged that such negotiable documents were used in many cases where there was actually no need. This called for a change of attitude and approach by commercial parties in relation to their documentary practices. The use of non-negotiable documents would clearly facilitate the transition to electronic commerce.

35. The recommendations of the meeting highlighted the need for investments in transport, telecommunications and information technology infrastructure, for streamlining and adapting legal infrastructure, for simplifying administrative regulations and practices, for the greater use of information technology in transport services, and for education and training. UNCTAD was specifically requested to review developments and assess their implications for developing countries, to prepare studies in relation to the use of traditional transport documents, to provide guidance on the establishment of port community systems, and to develop training materials. She reiterated the experts' call for an appropriate follow-up

mechanism to ensure that developing countries could benefit from technological change affecting transport and avoid further marginalization.

36. The representative of **Morocco**, speaking on behalf of the **African Group**, said that information and communication technology was increasingly employed in all transport and logistics services and had changed the way of working of all operators. However, in Africa, the application of such technology to transport-related services had been only marginal due to a multitude of factors such as inadequate transport, telecommunication and legal infrastructure, limited Internet access, the high cost of Internet connectivity, and lack of skills. Electronic commerce offered tremendous opportunities for integrating African countries into the international trading system and for reducing the high transport cost of their trade. In this connection, he underlined the importance of wider use of information technology to improve the performance of existing infrastructure such as ports. He supported the recommendations made by the Expert Meeting and noted the importance for Governments to coordinate investment in transport infrastructure and in new technology, to adapt their legal infrastructure to the requirements of electronic transactions and to give particular attention to lowering the cost the Internet access. He requested the UNCTAD secretariat to intensify its assistance aimed at strengthening the capacity of African countries to use information and communication technology in international transport services and logistics. He made particular reference to the studies on alternatives to traditional transport documents and on the establishment of model port community systems that would assist countries in making greater use of electronic commerce. Finally, he expressed satisfaction at the inclusion of electronic commerce in the proposed technical assistance programme under consideration pursuant to the Doha Declaration.

37. The representative of **Paraguay**, speaking on behalf of the **Latin American and Caribbean Group**, said that the use of digital communication was a reality in Latin American cities, as shown by the increased use of e-mail and the Internet by a large segment of the public and by the number of web sites being operated by the Chamber of Commerce of many cities, with interactive features of interest to their memberships. Latin American countries represented about 5.4 per cent of world trade and, according to ECLAC, more than three-quarters of the international trade of these countries measured in terms of value was carried by sea, while for some countries the percentage was well above 90 per cent. For landlocked countries, the shares were between one-quarter and one-third, and less for Mexico due to its intense trade overland with the United States. Latin American countries had maintained a proactive attitude to the introduction of digital communications technology in accordance with their trade needs and their degree of development. Over the last decade, the more open policies towards international trade had been supported by the introduction of new digital information technologies in the public and private sectors. For instance, UNCTAD's ASYCUDA technical assistance programme, which aimed at providing efficient Customs clearance of cargoes, was working in eight countries in the region. Many port authorities had websites with indications of services, tariffs and statistics. In the private sector, a major marine carrier was using a portal for its operations, and one container terminal operator in Buenos Aires was providing added value services through its web site. Advances had also recently been made in some countries in adopting legislation allowing the use of electronic signatures. However, only a few logistics chains, such as that for citric concentrates, had attained the integration of commercial and transport information. This was an area where

other traders could benefit and product competitiveness in world markets could be enhanced. Finally, he expressed support for UNCTAD's work on port community systems, training to implement those systems, studies relating to the use of traditional transport documents and their electronic alternatives, and the issuance of transport licenses at the national, regional and international level, which would help diversify the use of electronic commerce.

38. The representative of **Sri Lanka**, speaking on behalf of the **Asian Group and China**, emphasized the importance of information and communication technology in ensuring the efficient operation of transport chains and rapid exchange of information and documentation among operators. Countries of the Asian Group were major players in international trade and had accounted for 22 per cent of world exports and 18.3 per cent of world imports in 2000. In particular, a number of Asian countries, by making electronic commerce a priority, had benefited economically through their integration in international supply chains. Furthermore, the availability of reliable transport services had encouraged foreign direct investment. However, other countries of the region that lacked the necessary infrastructure and skills were prevented from taking advantage of the new opportunities afforded by electronic commerce. The recommendations of the Expert Meeting were highly relevant and provided guidance on measures required for building capacity and enhancing the competitiveness of enterprises and businesses involved in international trade and transport. She therefore fully supported the recommendations of the Expert Meeting. Finally, she welcomed Part D of the project proposal 'Capacity Building and Technical Cooperation for Developing Countries, especially LDCs, and Economies in Transition in Support of Their Participation in the WTO Doha Work Programme' as a step forward in promoting electronic commerce and the use of information and telecommunication technologies at the international level.

39. The representative of **Spain** speaking on behalf of the **European Union**, stressed that the use of electronic commerce in transport would facilitate international trade in goods and services and, therefore, improve the competitiveness of exports of developing countries on world markets. He welcomed the fact that the Doha Declaration had given attention to electronic commerce and trade facilitation and expressed his conviction that UNCTAD had an important role to play in helping developing countries in the forthcoming negotiations. He supported the recommendations of the Expert Meeting to Governments and enterprises, to the international community for strengthening its legislative and financial assistance, and to UNCTAD for conducting systematic studies in the field of electronic commerce, presenting initiatives in this field that would improve the transport operations and trade of LDCs, and preparing guidelines for systems for port and logistics communities.

40. The representative of the **United States** said that a meeting sponsored by the US Department of Agriculture in Arusha (Tanzania) in September 2001 in the framework of emergency interventions in East Africa had reached conclusions that supported the use of computerization in improving efficiency in the field of transport, and he therefore agreed with the findings of the Expert Meeting. The conclusions of the Arusha meeting had emphasized that port performance could be improved through the use of simplified documentation and its computerization. Upgraded Customs clearance procedures, involving such features as 24-hour operation, multiple entry documents and their computerization, also contributed to increased transport efficiency. Other recommendations concerned the use of cargo tracking systems, such as ACIS developed by UNCTAD, and the collection of data and its dissemination through transport business associations using computerized databases.

41. The representative of **Bangladesh** noted the high transport costs prevailing in least developed countries and emphasized that inefficient trade procedures hindered the potential of electronic commerce. The problem was more complex than commonly admitted, and inequality with regard to Internet access was a major problem in least developed countries. Finally, he highlighted issues pertaining to the two types of electronic commerce, namely business-to-consumer commerce and business-to-business commerce.

#### **Informal meetings**

42. The Commission pursued its consideration of this item in informal meetings.

#### **Action by the Commission**

43. At its closing plenary meeting, on 21 February 2002, the Commission adopted agreed recommendations on this item (see chapter I above).

## Chapter IV

### IMPROVING THE COMPETITIVENESS OF SMES IN DEVELOPING COUNTRIES: ROLE OF FINANCE, INCLUDING E-FINANCE, TO ENHANCE ENTERPRISE DEVELOPMENT

(Agenda item 4)

44. For its consideration of this item, the Commission had before it the following documentation:

“Report of the Expert Meeting on Improving the Competitiveness of SMEs in Developing Countries: The Role of Finance, including E-Finance, to Enhance Enterprise Development” (TD/B/COM.3/39).

“Improving SME competitiveness: Access to finance and e-finance - Note by the UNCTAD secretariat” (TD/B/COM.3/43)

45. The **representative of the secretariat** summarized the main issues with regard to SME finance and e-finance. The need to work at both the macro and micro levels in order to achieve development goals was emphasized. Macro policy issues, such as the capital adequacy ratios of the Basle Committee, had a direct impact on SMEs’ ability to access long-term finance. An appropriate mix of flexibility of financial regulations that allowed for SME financing at a reasonable cost and at the same time prudential supervision that ensured financial stability in order to avoid systemic risk was vital for an enabling environment. Also, Governments were encouraged to avoid extensive borrowing from commercial banks so as not to crowd out the private sector, especially SMEs.

46. Many of the obstacles that SMEs faced in accessing finance had been overcome in developed countries, and there was a need to find ways to transfer these lessons to developing countries. First, banks should strike partnerships with business service providers in order to provide business services to SMEs that improved their creditworthiness. Second, financial information provided by SMEs could be improved by user-friendly accounting systems. Third, international financial institutions were encouraged to undertake comprehensive and consistent capacity building efforts to train commercial bankers in developing countries to deal with SMEs, and UNCTAD, through regional seminars, could raise awareness of the measures that could be used in SME lending, such as credit scoring, external credit ratings, and risk self assessment. UNCTAD technical cooperation programmes also needed to be made gender-sensitive.

47. With regard to e-finance, the operational environment for e-finance was important, including telecommunications services, Internet connectivity and an adequate legal framework with technology-neutral monetary and financial regulations. At the initial stages of e-finance, the most important issues for SMEs were access to local, regional and global Internet-based payments systems, use of other Internet banking services, entering the emerging Internet-based credit information and rating databases on enterprises to become eligible for e-trade finance, e-credit insurance, and other forms of short-term enterprise e-financing. Overcoming information asymmetry on SME risks due to less costly modern e-



data mining techniques might open up for SMEs the opportunity of getting e-finance from foreign sources on more competitive terms. That in turn might put competitive pressures on local financial service providers and push downwards the otherwise excessively high costs of commercial credit in many developing and transition economies. Better information on SMEs' performance and financial health should eventually improve their commercial risk profile and also have a beneficial impact on the political risk indicators of their home countries. As a result, SMEs might eventually start getting more risk capital and other longer-term finance and investment.

48. The representative of **Belgium**, speaking in his capacity as **Chairperson of the Expert Meeting on Improving Competitiveness of SMEs in Developing Countries: Role of Finance, including E-Finance, to Enhance Enterprise Development**, presented an overview of the SME finance issues discussed at the Expert Meeting. SMEs were a key sector for achieving sustainable economic development, as they accounted for two-thirds of all jobs, and access to finance was a crucial determinant of the success of the sector. The choice of the topic had been very timely, as there were very few other forums in which to directly address the problems of SME finance and e-finance, as compared to either international finance or micro finance. The focus had been on finding practical solutions to the obstacles that SMEs faced in gaining access to finance, namely high perceived risk, information asymmetry, high transaction costs and the lack of the appropriate bank corporate structures or bank personnel experienced in working with SMEs. Many of the financial innovations considered by the Expert Meeting dealt with reducing the costs and risks of lending to SMEs. Examples of successful local financial institutions in developed countries had demonstrated that, with the correct strategy and appropriate use of information technology, lending to SMEs could be made into a highly profitable business. The relevant measures, suitably adapted, could also be transferred to developing countries to some extent. The Expert Meeting had also considered alternative sources of finance such as venture capital that were relevant in some developed countries but marginal in developing countries. In the case of LDCs, there was a special need for public-private sector investment funds. The Expert Meeting had also considered complements to finance, such as leasing and loan and mutual guarantee schemes. These provided useful ways for risk sharing but contained the risk of moral hazard and adverse selection. He had transmitted the outcome of the Expert Meeting to the secretariat of the International Conference on Financing for Development to be held in March in Monterrey, Mexico.

49. The representative of the **Philippines**, speaking in his capacity as **Co-Chairperson of the Expert Meeting**, presented an overview of the e-finance issues discussed at the Expert Meeting. E-finance had gone beyond online payments and smart cards and had become an instrument for economic development. While e-finance was at an early stage in many developing countries, it had the potential to dominate world finance and thus eventually affect the business conduct of SMEs globally. SMEs needed to quickly overcome any obstacles to using e-finance in order not to be marginalized in international business and commerce. The use of new Internet-based technologies could help SMEs to overcome the problems of information asymmetry as one of the main steps in getting access to both finance and e-finance. E-finance would not bring any new finance for SMEs if their credit risk remained the same. They had to change their business culture, improve their management and enter credit information databases. Financial service providers needed to upgrade both their

human and physical capital in order to provide services online, focus their efforts on developing business-to-business lines of e-finance, and in particular focus on developing e-financing for SMEs.

50. The representative of **Spain**, speaking on behalf of the **European Union**, said that obtaining finance was a major obstacle for SMEs, in particular for newly established companies and those managed by women entrepreneurs. As SMEs were important for job creation, it was important that Governments and financial institutions take up the issue of SMEs' access to finance and e-finance. Training and familiarization with e-finance were basic activities that were necessary to boost the overall use of finance, decrease transaction costs and promote efficiency. The main tasks in this area were strengthening the institutional capabilities of financial intermediaries and other relevant players, exchanging information on innovative mechanisms and strengthening the financial regulatory framework so as to avoid systemic risks

51. The representative of **Paraguay**, speaking on behalf of the **Latin American and Caribbean Group**, said that encouraging local financial institutions to service SMEs at a reasonable cost was a major problem. He noted that while sound financial regulations were important for financial stability, much more work had to be done by Governments and international financial institutions to encourage local banks to service SMEs at a reasonable cost. E-finance was taking root in many Latin American countries, but much work was needed to develop local e-payments, e-credit insurance and e-trade finance services for SMEs. Moreover, the local financial service providers were facing global challenges. Local enterprises could be included in global databases, thus improving transparency and reducing the cost of borrowing despite unfavourable political risk ratings at the national level. The usefulness of the Conference in Mexico would depend on the efforts of those countries that could ensure that meaningful action took place at all levels – both macro and micro.

52. The representative of **Zimbabwe**, speaking on behalf of the **African Group**, said that financial access depended on macroeconomic stability and a well regulated financial sector. The financial services sector needed to be encouraged to take a serious look at SMEs; it needed to work closely with SMEs, to adapt modern credit techniques to improve SME risk management and at the same time to provide finance to them at reasonable cost. This was the only way to achieve sustainable results and reduce costs. SMEs also needed support in this connection. Many of them had no experience of working with banks and found it difficult to approach them. Technical assistance through programmes such as EMPRETEC would be highly valuable in helping SMEs obtain formal credit. E-finance was beyond the reach of most African SMEs, and in order to change this, it was necessary first to address the issues of the so-called “digital divide” and access to ICT and Internet services. Nevertheless, there were several examples of microcredit schemes in Africa that had successfully taken advantage of the Internet. The online availability of credit risk and financial information about SMEs was a key to access to e-finance and e-payment facilities. International technical support for both African financial intermediaries and SMEs was important. With regard to the Conference in Monterrey, the African Group was expecting practical results from the Conference.

53. The representative of **Sri Lanka**, speaking on behalf of the **Asian Group and China**, spoke of the need to raise awareness of e-finance technologies. It was important that SMEs

actively participate in e-commerce, and for this training and advisory services were needed, as well as investment in ICT physical infrastructure. Instruments such as online payment and online credit rating and risk information databases would have to be made available by local financial institutions. Much work needed to be done with Asian banks to make them more sensitive to SME needs. UNCTAD and other development organizations needed to provide information on the most recent innovations and best practices to local financial institutions in developing countries. The areas that needed special attention included raising awareness of and the use of financial innovations targeted at SMEs and combining business and financial services through public-private partnerships. She also noted the importance of promoting the collection and dissemination of e-finance and e-commerce related data.

54. The representative of **Bangladesh** said that SMEs were very important for the diffusion of new technologies and were often very efficient users of capital. The inefficiency of financial intermediaries was often the main problem for SMEs' access to finance and e-finance, and alternative and innovative financing schemes therefore needed to be explored, in particular those that used the Internet, which was an excellent media to easily convey financial and risk information about SMEs and thus facilitate their access to finance. Given the very low level of telecommunications and Internet penetration in LDCs, one should be cautious about the immediate prospects of e-finance in those countries. Finally, he noted that capital markets played a marginal role in LDCs in providing finance.

#### **Informal meetings**

55. The Commission pursued its consideration of this item in informal meetings.

#### **Action by the Commission**

56. At its closing plenary meeting, on 21 February 2002, the Commission adopted agreed recommendations on this item (see chapter I above).

## Chapter V

### MAINSTREAMING GENDER IN ORDER TO PROMOTE OPPORTUNITIES

(Agenda item 5)

57. For its consideration of this item, the Commission had before it the following documentation:

“Report of the Expert Meeting on Mainstreaming Gender in order to Promote Opportunities” (TD/B/COM.3/40);

“Mainstreaming gender in order to promote opportunities through the increased contribution of women to competitiveness: Note by the UNCTAD secretariat” (TD/B/COM.3/44);

58. The **representative of the secretariat** noted that the mandate of the Expert Meeting on Mainstreaming Gender in order to Promote Opportunities included identifying ways to improve the contribution of women in developing their countries’ and regions’ competitiveness, increasing trading opportunities and attracting investment and technology. Women made contributions to competitiveness through enterprises, since it was the enterprise that competed in the global economy. Work on enterprise development therefore included the strengthening of entrepreneurship of women. Small and medium-size enterprise development differed from other donor-driven work in respect of women. From UNCTAD research based on 500 women entrepreneurs, UNDP research and the experiences of EMPRETEC directors, it had emerged that women faced unique legal and commercial obstacles that inhibited their ability to control economic resources. Control of resources was at the heart of entrepreneurship, i.e. those who controlled resources in the most efficient manner would reap the greatest rewards. Cultural, legal and social barriers limited the expansion of female-managed enterprises.

59. Many of the opportunities presented by ICTs for economic growth and development had not been available to women, most particularly to women based in rural areas. The Expert Meeting provided a series of excellent examples of national policies designed to ameliorate such deficiencies; such policies endeavoured to provide women with equitable and affordable Internet access, as well as increasing the female population of the ICT-related workforce and of ICT policy-making bodies.

60. The representative of the **Philippines**, speaking on behalf of the **Chairperson of the Expert Meeting**, presented the report of the meeting to the Commission. Experts recognized gender mainstreaming to be a key facet in the pursuit of gender equality, which was a developmental goal in its own right but also played a key role in the achievement of other developmental goals, including economic goals. To overlook gender factors in macroeconomic policies and institutions could result in undermining key objectives.

61. The mainstreaming of gender in enterprise development was primordial to the achievement of true economic empowerment. Women entrepreneurs faced great obstacles, such as difficulty in accessing credit and technology, limited bargaining power, limited mobility and dependency on male family members. Moreover, many public and private policies favoured men, reinforcing the predominance of men in entrepreneurial endeavours. Some of the grounds for such situations were cultural, others were due to legal or commercial practices, while still others were a result of low levels of education and underdeveloped, under-trained human resource pools.

62. Lack of access to capital for enterprise start-ups or expansions was noted as being perhaps the most significant obstacle to entrepreneurship. Women entrepreneurs seeking funding for SMEs were hindered by the traditional assumptions and circumstances that led lending institutions to evaluate them as high-risk clients, despite historical evidence to the contrary.

63. In terms of mainstreaming gender in ICT policy, the experts had agreed that new technologies played a key role in driving the global economy, as they increased competitiveness as well as economic opportunities. Yet those who could not afford newer technologies risked being further marginalized, and reference was made in this connection to the gender digital divide. National policies that addressed these issues were highlighted, including rural-based awareness-raising programmes, language and IT-training programmes, and programmes that had created telecentres and had provided affordable access to telecommunications for poor families. An important conclusion of the Expert Meeting was to recognize that knowledge and the Internet were public goods. In this light, government intervention to ensure reasonably priced Internet access was justified.

64. The representative of **South Africa**, speaking on behalf of the **African Group**, expressed his satisfaction that the topic of gender mainstreaming was being taken up by the Commission. The issue could not be ignored, particularly as it permeated the efforts of African countries to address the root causes of underdevelopment and poverty. Women-specific obstacles to credit and technology hindered women in entrepreneurial endeavours. Worldwide, women owned 33 per cent of all businesses, while they had access to 3 per cent of finance. Socio-cultural factors had created situations whereby women tended not to possess collateral, hence they frequently lacked bargaining power in credit negotiations. Specific solutions that had been proposed included loan guarantee programmes, dedicated credit and dedicated equity programmes, and special credit 'windows' or credit lines for women entrepreneurs.

65. ICT and e-commerce had been shown to be powerful tools for enhancing development. However, there was also a growing risk of developing countries being left behind if they proved unable to increase their participation in e-commerce. Africa was the region with the lowest level of Internet penetration, and female Internet usage was also low, particularly in rural areas. Nevertheless, the Expert Meeting had identified a number of successful programmes in Africa to address this issue. He cited the example of Morocco, where policies had focused both on awareness-raising and the provision of subsidized access to computers and the Internet. Another example concerned the setting up of telecentres in South Africa, where women received training on how ICT could be useful in obtaining information relevant to their economic needs. Finally, he commended UNCTAD on the *E-*

*Commerce and Development Report 2001*, noting that African countries needed to be better informed of e-commerce-related policy strategies and tools for implementation.

66. The representative of **Spain**, speaking on behalf of the **European Union**, welcomed the Expert Meeting on gender, viewing it as part of a sequence of events intended to identify and develop strategies designed to integrate the gender dimension into UNCTAD's work. Mainstreaming gender was fundamental, not only for the achievement of gender equality but also for other development goals.

67. The Beijing Platform of Action and the twenty-third special session of the General Assembly in June 2000 had provided important frameworks for the establishment and development of strategies for mainstreaming gender in all areas of economic and social development. Other important elements in this connection included the UN Convention on the Elimination of All Forms of Discrimination against Women, the UN Millennium Declaration, and the Workshop on Building Capacities for Mainstreaming Gender in Development Strategies that had taken place in Cape Town, South Africa, in preparation for the Third UN Conference on the LDCs in Brussels.

68. A number of recommendations by the Expert Meeting were considered by the EU to be of crucial importance. These included the mainstreaming of gender at all levels, including through legal and institutional reforms, so as to increase female ownership of property and financial resources. When analysing macroeconomic policies, special attention should be paid to budgetary policies, given their importance to gender policies in development programmes. He also stressed the importance of the collection and analysis of gender-disaggregated statistics and the development of appropriate indicators.

69. He called on UNCTAD to continue mainstreaming gender in all its areas of work, in collaboration with other international organizations, and assisting Governments in the design and implementation of gender policies. He suggested that UNCTAD might appoint one staff member in each division to be responsible for the integration of the gender dimension in the respective substantive areas of work, under the overall coordination of the UNCTAD focal point for women.

70. The representative of **Sri Lanka**, speaking on behalf of the **Asian Group and China**, expressed continued support for UNCTAD's work on human development as mandated in the Bangkok Plan of Action. The efforts of UNCTAD to promote a gender dimension in entrepreneurship were significant. Women entrepreneurs faced particular difficulties in that they often had fewer educational opportunities, fewer chances to network, difficulties in obtaining business services and little access to financial resources. Women-owned enterprises possessed great potential, hence it was in the national and international interest to ensure that women entrepreneurs had access to training. It was proposed that EMPRETEC and MED 2000 should be extended to incorporate training especially targeted towards women entrepreneurs in terms of financing and ICTs.

71. The representative of **Morocco** drew attention to the important work carried out by EMPRETEC, and he encouraged further financing of this programme by donors.

72. The representative of the **United States** noted that gender-disaggregated data were crucial, and he also encouraged any efforts on the part of UNCTAD to integrate gender into its advisory services. He presented a number of successful US Agency for International

Development (USAID) programmes that had served to provide women in developing countries with new opportunities for business networking. These included USAID support towards the establishment of the West African Business Women's Network.

73. The representative of **Uganda** endorsed the statement made by the Group of 77 and China at the opening plenary. Uganda had taken a number of steps to mainstream gender and promote women's economic opportunities. These included policies that had placed women in senior government positions and ensured women's political representation in each district of the country, as well as policies that had promoted female participation in higher education, for example through the promotion of female access to primary education. Further assistance was needed to enhance women's participation in the Ugandan business sector through programmes such as EMPRETEC. He also noted that, during the sixth session of the Commission on Investment, the Director of the Ugandan Investment Authority had made proposals as to how UNCTAD could assist women in Uganda through entrepreneurship programmes.

74. The representative of the **International Telecommunication Union (ITU)** expressed full support for UNCTAD in the area of mainstreaming gender in ICT. The concerns expressed by UNCTAD in respect of mainstreaming gender were complementary to those of ITU, and ITU would be ready to work with UNCTAD in developing specific policy recommendations in the area of ICT and gender. In that connection, the collection of gender-disaggregated indicators and data would help reflect the impact of ICT on women and women's impact on ICT. Case studies on how to increase the role of women in ICT-related and telecommunications-related jobs could contribute to the economic empowerment of women. ITU would be ready to join UNCTAD in carrying out research as proposed by the Expert Meeting. The results of this research would constitute an important input into the World Summit on the Information Society to be held in Geneva in December 2003 and in Tunisia in 2005.

75. The representative of the **International Confederation of Free Trade Unions (ICFTU)** said that, with respect to gender-disaggregated statistics, the International Labour Office (ILO) programme, "Genprom" was a useful conceptual and analytical programme for examining opportunities for women in employment and entrepreneurship. The proliferation of the phrase 'the feminization of poverty' reflected the extent to which women lacked control over economic and financial resources. All too often, types of work contract and working conditions were not such as to promote the participation of women in economic development and in job-related and financial negotiations at the enterprise level. Even in Africa, where the role of women was markedly predominant in the workforce, women entrepreneurs still found it difficult to obtain financing, loans and credit guarantees. In light of trends such as globalization, privatization and the advent of ICTs, all of which had vastly altered the economic environment, it was increasingly important for Governments to create conditions to facilitate the empowerment of women.

76. The representative of **South Africa** stressed the importance of cooperation between UNCTAD and ITU on gender issues. In the area of ICT and gender, ITU could play an important role in clarifying issues related to infrastructure and technical needs.

**Informal meetings**

77. The Commission pursued its consideration of this item in informal meetings.

**Action by the Commission**

78. At its closing plenary meeting, on 21 February 2002, the Commission adopted agreed recommendations on this issue (see chapter I above).



## Chapter VI

### **PROGRESS REPORT ON THE IMPLEMENTATION OF THE AGREED RECOMMENDATIONS OF THE COMMISSION AT ITS FIFTH SESSION**

(Agenda item 6)

79. For its consideration of this item, the Commission had before it the following documentation:

“Progress report on the implementation of the agreed recommendations of the Commission at its fifth session (TD/B/COM.3/45).

80. The Director of the **Division for Services Infrastructure for Development and Trade Efficiency (SITE)**, introducing item 6, noted the difficulties the secretariat had in reporting on the implementation by member States of the agreed recommendations of the fifth session of the Commission. The reason for this was the limited feedback received from capitals. Concerning the recommendations addressed to UNCTAD, in every case actions carried out by the secretariat to implement these recommendations would have taken place even in their absence, as they largely coincided with the mandates already established by member States. With regard to the recommendations of the fifth session of the Commission regarding capacity-building in electronic commerce, he gave an overview of the research, analysis and dissemination activities in the area of the implications of electronic commerce for developing countries. He mentioned in particular the *E-Commerce and Development Report* that had been issued in November 2001 and that had already been downloaded over 70,000 times from UNCTAD’s web site. He also listed a number of conferences, seminars and workshops on electronic commerce that had been organized by the secretariat or to which it had made a significant contribution. He referred in particular to a parallel event at the Third United Nations Conference on the Least Developed Countries that had focused on the new opportunities created by electronic commerce for LDC enterprises. Lastly, he informed delegations that a number of web-based e-tourism tools had been developed by the secretariat and were available to interested developing countries.

81. Concerning the agreed recommendations on human resources development and training in trade-supporting services, he provided information on the number and venue of training activities that had been performed since the adoption of the recommendations. Concerning the recommendation that a pilot exercise for the development of a national HRD policy framework should be carried out in one of the least developed countries, the secretariat had prepared a detailed project, the Government of one LDC country had expressed interest in this exercise, and discussions with donors were under way. The secretariat had placed emphasis on reinforcing its distance learning capacities, and delegations were invited to visit the HRD section’s web site for more information in this regard. He concluded by underlining the excellent cooperation that existed between that section, which provided pedagogical expertise and support, and the substantive Divisions, as exemplified by courses recently developed in the fields of trade and environment and competition policies.

82. The **Director of Division on Investment Technology and Enterprise Development (DITE)** presented an overview of activities in regard to enterprise development in 2001 and

on the implementation of the agreed recommendations of the Commission at its fifth session. The key activities had been in the areas of enterprise policy and capacity-building, financial disclosure and reporting, corporate governance, SME-TNC linkages and women entrepreneurs.

83. The focus of enterprise policy was on integrating trade, investment and micro issues, particularly those affecting enterprise competitiveness. Intergovernmental work was key in achieving these goals. Apart from the Commission's fifth session and the expert meetings on financing for SMEs, a significant contribution had been made to the Third Conference on the LDCs and to the preparatory process for the Conference on Financing for Development. A number of research publications had also contributed to this work. With regard to financial disclosure and reporting, the work of the Intergovernmental Working Group of Experts on Accounting and Reporting on accounting by SMEs and on corporate governance deserved to be highlighted. Technical co-operation activities had been undertaken in the areas of accounting reform, environmental accounting and the strengthening of the profession to facilitate cross-border trade in services. Work on capacity building had been undertaken through the Empretec, Med 2000 and Kijani programmes. The focus had been on assisting countries to put in place the institutional infrastructure to provide business and financial services to entrepreneurs with potential. The recommendations of the external evaluation on Empretec had largely been implemented. During 2001 Empretec had provided support to 35,000 entrepreneurs and intensified South-South cooperation. The best indicator of Empretec's usefulness was that 25 countries had formally requested the programme. The research work undertaken on SME-TNC linkages was contained in the *World Investment Report 2001*. Several workshops had been undertaken to promote linkages, and a number of countries were starting linkage programmes.

84. Future challenges would be to further implement the Bangkok mandate, fully integrate technology and enterprise development with investment, prepare for UNCTAD XI, follow up on relevant international conferences (the Third United Nations Conference on LDCs, the Financing for Development Conference and the Doha WTO Ministerial Conference), strengthen Empretec, develop work on corporate governance, launch linkages programmes and maximize the effectiveness and impact of the Division with less resources.

85. The representative of the **United Kingdom**, speaking in her capacity as Chairperson of the pillar of the Mid-term Review on stocktaking, said that the mid-term review exercise would be based on the indicators of achievement agreed to in the medium-term plan (2002-2005). One indicator consisted of member States' views on the practical value and impact on the development prospects of developing countries of policy recommendations, as expressed in the conclusions of the regular review of the work undertaken by intergovernmental bodies. Member States were therefore urged to provide feedback on those matters under the present agenda item.

86. The representative of **Spain**, speaking on behalf of the **European Union**, asked the Director of DITE to further clarify the implementation of the recommendations of the Commission and to report on problems encountered, particularly in terms of resources. He also asked for details on the Kijani Project. He asked the Director of SITE to report on any problems encountered in the implementation of recommendations of the Commission.

Finally, he asked for details on two specific projects, namely the Course on Legal Aspects of International Trade and Trainmar.

87. The representative of the **United States** also requested the Director of DITE to give more details regarding the implementation of the recommendations and future activities. He suggested that the progress report on the implementation of agreed recommendations become the first item of the Commission's work, so as to give direction to the discussion of the following items.

88. The representative of **Ethiopia** asked the Director of DITE to clarify the linkages between small and medium-size enterprises and transnational corporations.

89. The **Director of DITE** said that, in his presentation, he had presented only the work of the secretariat, because the secretariat had little knowledge of how much Governments had done to implement the recommendations addressed to them. The linkages between foreign and domestic affiliates were the most important vehicle for the transfer of technology, skills and markets to developing countries, and the secretariat had studied ways in which these linkages could be strengthened.

90. A **representative of the secretariat** said that the Kijani Project was a new initiative to promote bio-diverse businesses in Africa through a bio-service, which would provide bio-business advice, and through a bio-fund, which would invest in environmentally sound projects. It was a joint initiative by UNCTAD, the World Conservation Union (IUCN) and the International Finance Corporation. It was being funded by Norway, it was applying for a grant from the Global Environment Facility, and it expected to receive investment funds from various national venture capital funds.

91. The **Director of SITE**, referring to Trainmar, said that the management of that project had been integrated into TRAINFORTRADE. The course on e-commerce, which was being requested by a number of developing countries, was at an advanced stage of preparation and would be ready in a few months time. The suggestion by the representative of the United States regarding the organization of the Commission's work was useful, but the decision on such matters was for the Mid-Term Review.

92. The representative of **Uganda** regretted that, although UNCTAD had the expertise and the capacity to carry out its mandate, it lacked the necessary resources, and he suggested that this issue be brought up in discussions on future allocation of funds among UN agencies.

### **Action by the Commission**

93. At its closing plenary meeting, the Commission took note of the progress report contained in document TD/B/COM.3/45.

## Chapter VII

### IMPLICATIONS FOR THE WORK OF THE COMMISSION FOLLOWING THE DOHA MINISTERIAL CONFERENCE

(Agenda item 7)

94. The **representative of the UNCTAD secretariat** drew attention to two items clearly mentioned in the Doha Declaration, namely trade facilitation and electronic commerce, that would call for UNCTAD's attention in its post-Doha work. Trade facilitation was referred to in paragraph 27 of the Declaration, and he reminded delegates that some of the GATT 1994 articles (such as articles V and VII) had proved difficult to implement. UNCTAD had accumulated considerable experience in trade facilitation through the introduction of information technology tools in the areas of cargo tracking (ACIS) and Customs automation (ASYCUDA). Furthermore, since 1975, UNCTAD had carried out a wide range of analytical work and technical assistance activities that took into account the specificities of developing countries. In the context of its post-Doha work, UNCTAD could assist developing countries in identifying their trade facilitation needs and priorities and in formulating their negotiating positions.

95. The second item, electronic commerce, was referred to in paragraph 34 of the Doha Ministerial Declaration. UNCTAD had already undertaken work on some of the issues under discussion in the WTO, such as the customs moratorium on electronic transmissions and the fiscal implications of electronic commerce. Some results of these studies had been included in the *E-Commerce and Development Report 2001*. UNCTAD would continue to provide important inputs into the analysis of e-commerce and development.

96. He also recalled that, in the context of the GATS, transport negotiations were expected to resume shortly. UNCTAD had been actively involved in the Uruguay Round and NGMTS negotiations on this topic. He expressed the secretariat's readiness to continue assistance to developing countries in upcoming negotiations.

97. Referring to the technical assistance plan prepared by the UNCTAD secretariat for "Capacity Building and Technical Cooperation for Developing Countries, especially LDCs, and Economies in Transition in Support of their Participation in the WTO Doha Work Programme" (UNCTAD/RMS/TCS/1), he said that both trade facilitation and electronic commerce had been included in the plan and that a number of activities were foreseen to help developing countries in the areas of awareness creation, improving the business environment, and assistance in the negotiation process. UNCTAD was a leader in the field of electronic commerce, and, for example, the *E-Commerce and Development Report 2001* had already been downloaded over 70,000 times from the UNCTAD web site since December 2001 by users all over the world, including many users from developing countries.

98. The representative of **Egypt**, speaking on behalf of the **Group of 77 and China**, noted that, as a result of the Doha Meeting, UNCTAD would have to face the additional task of providing technical assistance to developing countries in the area of trade negotiations. He welcomed the technical assistance plan proposed by the Secretary-General of UNCTAD and encouraged the continuation of consultations on this plan. The activities listed in the proposal should be considered as additional activities, and appropriate resources must be provided to

UNCTAD to implement the plan. He therefore asked the secretariat and donor countries to take this into consideration and not divert resources from ongoing activities, as UNCTAD was involved not only in WTO-related activities but in other important activities as well.

99. The representative of the **European Community** agreed that trade facilitation was of vital importance to all countries and hoped that new negotiations on this issue would lead to increased trade for all members, as well as reduced costs and delays in goods traded. In particular, it was important for the secretariat to continue work on GATT 1994 Articles V and VII. She also stressed the importance for all developing countries to become more involved in the discussions on trade facilitation, given possible complications in changing local Customs practices and introducing increased transparency.

100. In the area of electronic commerce, she commended UNCTAD on its work, in particular the *E-Commerce and Development Report 2001*, which would be taken into account in the WTO work programme. She encouraged UNCTAD to continue building awareness of the importance of electronic commerce and to assist developing countries to become more involved in e-commerce. E-commerce could improve the business environment, increase the participation of developing countries in trade, and combat difficulties related to distance, transport etc. She called on members to continue to participate actively in these discussions. With regard to a WTO seminar to be held in April 2002 on the fiscal implications of e-commerce, the UNCTAD report had addressed that issue and found that the cost of the moratorium was not a major problem per se. Apart from the moratorium, other issues such as telecommunication, financial, advertising and transport services were also important for both e-commerce and trade facilitation. Hence, this was not a new mandate for UNCTAD but rather the continuation of its existing work.

101. The representative of **Uganda**, speaking on behalf of the **African Group**, welcomed UNCTAD's proposed post-Doha capacity building technical assistance plan and pointed out its usefulness for the African countries. The core issue was the financing of the plan, which would only be viable if appropriate funding was provided. In this respect, he shared the view that the plan should be considered as involving additional activities, which would require additional resources.

102. The representative of **Sri Lanka**, speaking on behalf of the **Asian Group and China**, expressed her satisfaction with the post-Doha project proposal and pointed to the importance of making finance available to implement the plan.

103. The representative of **Sri Lanka** said she was pleased to note that a considerable share of the trade facilitation budget in the post-Doha project was earmarked for analytical work. As far as electronic commerce was concerned, she would welcome further analytical work in this area, including on issues relevant to the WTO discussions and making reference to the planned WTO seminar on revenue implications of electronic commerce. She also stressed the importance for UNCTAD of addressing the development dimension of electronic commerce, as this was where the comparative advantage of UNCTAD lay when building synergies with other institutions.

### **Informal meetings**

104. The Commission pursued its consideration of this item in informal meetings.

### **Action by the Commission**

105. At its closing plenary, on 21 February 2002, the Commission adopted agreed conclusions on this item (see chapter I above).

### **Closing statements**

106. The representative of **Uganda**, speaking on behalf of the **African Group**, said that, with regard to paragraph 6 of the agreed conclusions, it was his Group's understanding that the reference to 'the necessary means and assistance' meant additional funding. As emphasized by the Secretary-General of UNCTAD, many of the solutions proposed in the post-Doha capacity-building would be viable only if financing was available.

## Chapter VIII

### CLOSING STATEMENTS

107. The representative of **Spain**, speaking on behalf of the **European Union**, said that, in the midst of the Commission's efforts to reach agreed conclusions, some issues may have been left aside, and some thought should be given to the problem. The same was true of the fact that the Commission was serviced by two different divisions within the secretariat. The European Union welcomed the positive results of the Commission's work, in particular as regards agenda item 7. Finally, the outcome of the Commission's session could be revisited by the Trade and Development Board during the Mid-term Review.

108. The representative of **Uganda**, speaking on behalf of the **African Group**, expressed satisfaction with the outcome of the Commission's work. He noted that a number of issues had been raised in the Commission that should in reality be taken up within the framework of the Mid-term Review.

109. The representative of **Egypt**, speaking on behalf of the **Group of 77 and China**, said that his Group had approved the work done during the Commission's session on the basis of the understanding that the topics for expert meetings decided on would go ahead as agreed during the Commission's session.

110. The representative of **Tunisia** drew attention to the fact that, further to the consensus reached in ITU in July 2001, as endorsed by the General Assembly of the United Nations, the World Summit on the Information Society would be held in two parts, the first in Switzerland in 2003 and the second in Tunisia in 2005.

## **Chapter IX**

### **ORGANIZATIONAL MATTERS**

#### **A. Opening of the session**

111. The sixth session of the Commission on Enterprise, Business Facilitation and Development was held at the Palais des Nations, Geneva, from 18 to 21 February 2002. The session was opened on 18 February 2002 by Mr. Ali Mojtahed Shabestari (Islamic Republic of Iran), Vice-President of the Commission at its fifth session.

#### **B. Election of officers**

112. At its opening plenary meeting, on 18 February 2002, the Commission elected its Bureau as follows:

|                  |                                     |
|------------------|-------------------------------------|
| President:       | Mr. Julio Vázquez Roque (Cuba)      |
| Vice-Presidents: | Mr. Camilo Ruiz Blanco (Colombia)   |
|                  | Mr. B.G. Chidzausiku (Zimbabwe)     |
|                  | Ms. Fatima Al-Ghazali (Oman)        |
|                  | Mr. Eberhard von Schubert (Germany) |
|                  | Ms. Zuzana Kubikova (Slovakia)      |
| Rapporteur:      | Mr. Paul Frix (Belgium)             |

#### **C. Adoption of the agenda and organization of work**

113. At the same meeting, the Commission adopted the provisional agenda circulated in document TD/B/COM.3/41, as orally amended. Accordingly, the agenda for the sixth session was as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Electronic commerce and international transport services: Best practices for enhancing the competitiveness of developing countries
4. Improving the competitiveness of SMEs in developing countries: Role of finance, including e-finance, to enhance enterprise development
5. Mainstreaming gender in order to promote opportunities



6. Progress report on the implementation of agreed recommendations of the Commission at its fifth session
7. Implications for the work of the Commission following the Doha Ministerial Conference
8. Provisional agenda for the seventh session of the Commission
9. Other business
10. Adoption of the report of the Commission to the Trade and Development Board.

#### **D. Provisional agenda for the seventh session of the Commission**

114. At its closing plenary meeting, on 21 February 2002, the Commission approved the provisional agenda for its seventh session (see annex I). It also approved topics for expert meetings (see annex II).

#### **E. Adoption of the report of the Commission to the Trade and Development Board**

115. At the same meeting, the Commission adopted its draft report (TD/B/COM.3/L.19 and Add.1-3), subject to amendments to summaries of statements, and authorized the Rapporteur to finalize the report in the light of the proceedings of the closing plenary meeting.

## **Annex I**

### **PROVISIONAL AGENDA FOR THE SEVENTH SESSION OF THE COMMISSION**

1. Election of officers
2. Adoption of the agenda and organization of work
3. Improving the competitiveness of SMEs through enhancing productive capacity
4. Efficient transport and trade facilitation to improve participation by developing countries in international trade
5. Electronic commerce strategies for development
6. Implementation of agreed conclusions and recommendations of the Commission, including post-Doha follow-up
7. Provisional agenda for the eighth session of the Commission
8. Other business
9. Adoption of the report of the Commission to the Trade and Development Board

## Annex II

### PROPOSED TOPICS FOR EXPERT MEETINGS

**1. Theme: Improving the competitiveness of SMEs through enhancing productive capacity**

**Topic: *Financing technology***

The second paragraph of the Doha Declaration called for “positive efforts designed to ensure that developing countries, and especially the latest-developed among them, secure a share in the growth of world trade commensurate with the needs of their economic development”. Free trade begets increased levels of international competition, as it introduces a greater number of actors to domestic markets for an intensely competitive world. Innovation and technology development are critical determinants of the ability of enterprises to compete in global markets. The ability to upgrade technology requires not only information and access to technology, but also finance. The ability to upgrade technology requires not only information and access to technology, but also finance. *Lack of financing and appropriate technology is clearly a major handicap to developing country producers and exporters and it inhibits developing countries from deriving full benefits from their trade rights. Many solutions being proposed in the post-Doha programme will be viable only if financing is available* (Rubens Ricuperio 18 February 2002 Geneva).

The financing challenges faced by developing country SMEs, together with a set of innovative solutions, were explored by an Expert Meeting in October 2001 entitled “Improving the Competitiveness of SMEs in Developing Countries: Role of Finance, Including E-Finance to Enhance Enterprise Development”. The proposed topic for the Expert Meeting for 2002 seeks to extend the financial innovations identified to include financing technology. In all countries, SMEs require financing in order to enhance their technological capacity and increase their R&D readiness.

Some of the issues that can be discussed at this expert meeting include, *inter alia*: What kind of measures might serve to increase levels of private business investment in technology, including research and development? What policies for encouraging private sector financing are used in developed countries that may be replicated in developing countries? Which of these policies may require special tailoring in order to have the desired effects in developing countries? What are the implications, in terms of WTO rules, for either direct government financing of technology and R&D, or for government incentives to the private sector?

**2. Theme: Efficient transport and trade facilitation to improve participation by developing countries in international trade**

**Topic: *Problems and potential for the application of current trade facilitation measures by developing countries***

This Expert Meeting, on the basis of the commitment stated in paragraph 27 of the Doha Ministerial Declaration, will discuss current trade facilitation measures, their application in developing countries and the need and means to further reduce the divide between more and less advanced countries or regions in the formulation and application of global trade facilitation instruments.

The Meeting will look into the problem of differing trade facilitation approaches due to the prevailing technology gap and will address topics such as the current available capacity and readiness for gradual or full implementation of existing internationally agreed trade facilitation standards and recommendations in developing countries. To this end the Meeting will assess and propose for implementation best practices and guidelines in the area of trade facilitation. It will assess technical assistance needs of countries or regions particularly relating to institution building, transport management and the application of information technology instruments.

Experts participating in this expert meeting are also encouraged to express their views on the specific needs of the landlocked developing countries in this area.

**3. Theme: Electronic commerce strategies for development**

**Topic: *The basic elements of an enabling environment for e-commerce***

For information and communications technologies (ICT) to realize in full their potential to contribute to economic and social development, they will have to be much better integrated than they currently are in national development strategies. E-commerce has a fundamental role to play in such e-development strategies. The proposed expert meeting will analyse national experiences of both developed and developing countries and identify key elements of participatory, comprehensive national e-commerce strategies and their impact/implications in developing countries. The outcome of the meeting will pave the way towards a process that could result in a comprehensive set of recommendations concerning the policy, regulatory and international framework for e-commerce in developing countries. The experts would also look at ways and means to implement e-commerce strategies in developing countries.

**Annex**

**ATTENDANCE \***

1. Experts from the following States members of UNCTAD attended the session:

|                            |   |
|----------------------------|---|
| Albania                    | Mauritius   |
| Algeria                    | Mexico  |
| Angola                     | Morocco   |
| Azerbaijan                 | Nepal   |
| Bangladesh                 | Netherlands   |
| Belarus                    | Niger   |
| Belgium                    | Nigeria   |
| Benin                      | Norway  |
| Brunei Darussalam          | Panama  |
| Bulgaria                   | Paraguay  |
| Burkina Faso               | Peru  |
| Cambodia                   | Philippines   |
| Cameroon                   | Poland  |
| Canada                     | Portugal  |
| China                      | Russian Federation                                      |
| Colombia                   | Senegal   |
| Denmark                    | Slovakia  |
| Ecuador                    | Spain   |
| El Salvador                | Sri Lanka   |
| Ethiopia                   | Sudan   |
| Finland                    | Switzerland   |
| France                     | Thailand  |
| Germany                    | The Former Yugoslav Republic<br>of Macedonia            |
| Guinea                     | Trinidad and Tobago                                     |
| India                      | Tunisia   |
| Indonesia                  | Turkey  |
| Iran (Islamic Republic of) | Uganda  |
| Ireland                    | United Kingdom of Great Britain<br>and Northern Ireland |
| Israel                     | United States of America                                |
| Italy                      | Uruguay   |
| Japan                      | Viet Nam  |
| Kenya                      | Yemen   |
| Lebanon                    | Zambia  |
| Libyan Arab Jamahiriya     | Zimbabwe  |
| Luxembourg                 |   |
| Madagascar                 |   |
| Malaysia                   |   |
| Malta                      |   |

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\* For the list of participants, see TD/B/COM.2/INF.6.

2. The following intergovernmental organizations were represented at the session:

Arab Labour Organization  
European Community  
European Free Trade Association  
League of Arab States  
Organization of African Unity  
Organization for Economic Co-operation and Development  
Organization of the Islamic Conference

3. The following specialized agencies and related organizations were represented at the session:

International Labour Organisation  
International Monetary Fund  
World Trade Organization

4. The Economic and Social Commission for Asia and the Pacific and the Office of the High Commissioner for Human Rights were represented at the session

5. The following non-governmental organizations were represented at the session:

*General Category*

Exchange and Cooperation Centre for Latin America  
International Confederation of Free Trade Unions  
World Wide Fund for Nature International

6. The following special invitees attended the session:

H.E. Mr. Abdallah Kigoda, Minister, The President's Office, Planning and Privatization, United Republic of Tanzania

Ms. Maggie Kigozi, Chairperson of the EM on the Impact of FDI Policies on Industrialization, Executive Director, Uganda Investment Authority, Uganda

Ms. Patricia Francis, President, Jamaica Promotions Corporation (JAMPRO), Jamaica

Mr. Samuel J. Sitta, Executive Director, Tanzania Investment Centre, United Republic of Tanzania

Mr. Hamed Hikmany, Director General, Zanzibar Investment Promotion Agency, United Republic of Tanzania

M. Mohamed Simpara, Directeur-Général, Centre National de Promotion des Investissements (CNPI), Mali

Mr. Ram Narayan Shrestha, Ministry of Foreign Affairs, Nepal

Mr. Arvind Mayaram, Joint Secretary, Government of Rajasthan, India

Mr. Dato J. Jegathesan, Head, JJ International Consultants, Malaysia

Mr. Mehmet Ogutcu, Head, Non-Members Liaison Group and Global Forum on International Investment

Mr. Richard Martin, Head of Financial Reporting, ACCA, London

Ms. Karin C. Millet, Director, Investment Marketing Services, MIGA, United States of America

Ms. Dan Liang, Director, Quality, Technology and Investment Branch, UNIDO, Austria

Mr. Joseph Battat, Manager, FIAS, United States of America

Mr. Jürgen Reinhardt, Industrial Development Officer, UNIDO, Austria

Mr. Donald Lecraw, Professor, Independent Consultant, Philippines

Ms. Padma Mallampaly, Independent Consultant, United States of America

Mr. Alvin Wint, Professor, University of West Indies, Jamaica