

**Report of the Panel of Eminent Persons**

**ENHANCING THE  
DEVELOPMENT ROLE AND  
IMPACT OF UNCTAD**



**United Nations**  
Geneva, June 2006

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## **Preface by the Secretary-General of UNCTAD**



In October 2005, I established the Panel of Eminent Persons to advise me, in the personal capacity of its members, on how to enhance the development role and impact of UNCTAD. The Panel looked at what strategies UNCTAD could follow in order to fulfil its development mission and mandates as contained in the Bangkok Plan of Action and the São Paulo Consensus.

I am pleased to share the report of the Panel with member States. I welcome this valuable contribution to the process of revitalizing UNCTAD. I am convinced it will be of great benefit to the organization. The report is thoughtful and innovative. It also offers a number of pragmatic proposals aimed at strengthening the functioning of UNCTAD. It is my sincere hope that member States will carefully consider the report, which is also being reviewed in the secretariat. I will work closely with our member States

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with a view to enhancing the development role and impact of UNCTAD.

I would like to express my gratitude to the Chair and the members of the Panel for the wisdom and dedication they brought to this task. Through their work, they have made an invaluable contribution to the future of UNCTAD and to the development cause more generally. My appreciation also extends to the senior aides of the Eminent Persons and the secretariat staff who provided substantive backstopping to their work.

I look forward to continuing the relationship with the Panel for the benefit of UNCTAD and the development cause.

A handwritten signature in blue ink, reading "S. Panitchpakdi".

Supachai Panitchpakdi  
Secretary-General of UNCTAD

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## **Letter of transmission from the Chair of the Panel**

Dear Dr. Supachai,

I hereby transmit to you the report of the Panel of Eminent Persons, entitled "Enhancing the Development Role and Impact of UNCTAD". The Panel has hereby accomplished the goals set out in its terms of reference.

During the last six months, the Panel met formally three times. It held informal exchanges inbetween those meetings, and the Eminent Persons provided their respective written inputs to the report.

The Panel also conducted extensive exchanges of views with a large number of ambassadors and regional coordinators in Geneva. Our work further benefited from a paper prepared by H.E. Mr. Boutros Boutros-Ghali, former Secretary-General of the United Nations, in his capacity as Chairman of the South Centre Board. All of these inputs are acknowledged with great appreciation.

None of our work would have been possible without the extensive support we received. The Governments of Denmark, Finland, the Netherlands, Norway, Sweden and the United Kingdom made generous financial contributions. The Office of the President of Finland, the Instituto Fernando Henrique Cardoso and the Boao Forum for Asia made in-kind contributions. The Permanent Missions of Austria, the Netherlands and Pakistan in Geneva hosted

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consultations between Panel members and Geneva ambassadors and regional coordinators.

I should also like to thank you, Dr. Supachai, on my own behalf and on behalf of the other members of the Panel, for having entrusted us with this important task. Our work benefited from your strategic thinking about UNCTAD, and we are all impressed by the strengths of your commitment to the cause of development.

I also wish to register our appreciation to all those who contributed over the past six months to our process of reflection and review, particularly our respective aides. Our appreciation also extends to the Coordinator of the Panel, Mr. James Zhan, and to Mr. Jörg Weber for their substantive backstopping and administrative support.

The Panel is happy to make this contribution to enhancing UNCTAD's development role and impact. We will follow further developments with great interest and would be happy to make additional contributions to UNCTAD's future work if requested to do so.



Fernando Henrique Cardoso  
Chair, Panel of Eminent Persons

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## Members of the Panel of Eminent Persons



**FERNANDO HENRIQUE CARDOSO**  
(Chair of the Panel)

- Former President of the Federative Republic of Brazil
- Chair of the Panel of Eminent Persons on United Nations-Civil Society Relations
- Member of the United Nations Commission for the Legal Empowerment of the Poor



**DR. GRO HARLEM BRUNDTLAND**

- Former Prime Minister of Norway
- Former Director-General of the World Health Organization
- Chair of the World Commission on Environment and Development
- Member of the United Nations Commission for the Legal Empowerment of the Poor



**JAGDISH BHAGWATI**

- University Professor of Economics and Law at Columbia University
- Member of the United Nations Secretary-General's High-level Advisory Group on the NEPAD Process
- Former Special Adviser to the United Nations on Globalization



**JOAQUIM ALBERTO CHISSANO**

- Former President of the Republic of Mozambique
  - Special Envoy of the United Nations Secretary-General for the 2005 World Summit
  - Current Chairman of the Africa Forum of Former African Heads of State and Government
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**TARJA HALONEN**

- President of the Republic of Finland
- Co-Chair of the World Commission on the Social Dimension of Globalization
- Co-Chair of the United Nations Millennium Summit

**YONGTU LONG**

- Secretary-General of the Boao Forum for Asia
- Former Vice Minister of Foreign Trade and Economic Cooperation, China
- Former Chief Representative for Trade Negotiations, China

**BENJAMIN MKAPA**

- Former President of the United Republic of Tanzania
- Co-Chair of the World Commission on the Social Dimension of Globalization
- Member of the United Nations Commission for the Legal Empowerment of the Poor
- Member of the High-level Panel on United Nations Systemwide Coherence in the Areas of Development, Humanitarian Assistance and Environment

**LAWRENCE H. SUMMERS**

- President of Harvard University
  - Former Secretary of the Treasury, the United States of America
  - Former Vice President of Development Economics and Chief Economist of the World Bank
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## Table of Contents

	<b>Page</b>
<b>Preface by the Secretary-General of UNCTAD.....</b>	<b>ii</b>
<b>Letter of transmission from the Chair of the Panel .....</b>	<b>iv</b>
<b>Members of the Panel of Eminent Persons .....</b>	<b>vi</b>
<b>Executive Summary .....</b>	<b>x</b>
<b>Introduction.....</b>	<b>1</b>
<b>Chapter I. UNCTAD’s raison d’être and the development cause .....</b>	<b>1</b>
A. The changing context of development .....	1
B. The track record of UNCTAD .....	6
C. The gradual erosion of UNCTAD’s role.....	7
D. Issues that require UNCTAD’s engagement .....	9
<b>Chapter II. Strategic positioning and alliances .....</b>	<b>15</b>
A. Implications of the UN systemwide reform for UNCTAD..	15
B. Strategic positioning of UNCTAD .....	20
C. Streamlining the relationship with other international organizations.....	22
D. Effective involvement of development stakeholders .....	26
<b>Chapter III. Making UNCTAD more effective and efficient .....</b>	<b>29</b>
A. Research and policy analysis .....	29

---

B. International consensus-building ..... 32  
C. Technical cooperation ..... 41  
D. Creating synergies and ensuring coherence ..... 45

**Concluding remarks..... 47**

**Annex 1. Terms of Reference for the Panel of  
Eminent Persons..... 49**

**Annex 2. Acknowledgments ..... 51**



## Executive Summary

The UNCTAD Panel of Eminent Persons was asked to focus on how to improve the effective and efficient functioning of UNCTAD and how to strengthen its development role and impact, in the light of the Bangkok Plan of Action and the São Paulo Consensus. This report presents the result of the Panel's work. It takes neither a holistic nor an exhaustive approach to the issues at hand. Rather, it advances a number of ideas that address in a coherent framework the problems and challenges facing UNCTAD. It is meant to deal with strategic issues of the organization that reflect current thinking on development challenges and the new environment presented by a globalizing world. It is intended to be a forward-looking report with pragmatic proposals.

The report is addressed to the Secretary-General of UNCTAD. While some of its proposals fall within his purview to implement, others will require consultations with member States. Still others will be entirely up to the member States to decide, and may call for consideration by the United Nations Secretary-General in the appropriate forums.

In light of its review, the Panel offers the following recommendations:

*Recommendation No. 1: UNCTAD needs to be a leader in identifying and analysing key emerging issues, such as "aid-for-trade", skills availability and "brain drain", and an investment-for-development framework, and to advocate pragmatic solutions to today's and tomorrow's most salient development challenges.*

*Recommendation No. 2: All heads of UN agencies should sign a compact committing themselves to sticking to the core*

*competencies of their respective organizations and to contributing effectively to the UN systemwide coherent approach at the country level in pursuit of the Millennium Development Goals. A registry to cover mandates of all UN organizations and specialized agencies could be helpful in this regard.*

*Recommendation No. 3: UNCTAD's core competencies should be maintained and enhanced so as to reflect their inherent interconnectedness. Clustering or regrouping UN systemwide activities under the headings of development, environment and humanitarian assistance does not appear to be an effective way of dealing with "core economic development issues".*

*Recommendation No. 4: UNCTAD should strategically position itself based on three principal criteria: comparative advantages; differentiation and complementarity; and strategic and catalytic intervention, so as to put the organization's strengths to the best use in achieving development results.*

*Recommendation No. 5: UNCTAD should create genuine partnerships with those international organizations and UN entities that provide complementarities with its own efforts through strengthened cooperation and coordination, with a view to avoiding duplication.*

*Recommendation No. 6: UNCTAD should increase the involvement of civil society and the private sector in its work, giving particular attention to "grass-roots" NGOs and small and medium-sized enterprises in developing countries.*

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*Recommendation No. 7: UNCTAD should consider establishing a global network of think tanks specialized in development policy advocacy and strategy-setting in different countries, with a view to exchanging views, experiences and best practices.*

*Recommendation No. 8: UNCTAD should improve the quality and coherence of its research and policy analysis by establishing a consultative group of eminent development economists to review and advise on its key research products.*

*Recommendation No. 9: UNCTAD should strengthen its "flagship" research products and major study series, limit the number of marginal publications and ensure effective communication and dissemination so as to reach high-level policy makers.*

*Recommendation No. 10: Member States should overcome confrontational attitudes, build trust and create a comfort zone that nurtures a spirit of development partnership and "shared success".*

*Recommendation No. 11: The Group system may be usefully retained for decision-making at the strategic level, but it should be handled more flexibly in think-tank deliberations and in the consensus-building process on specific development issues for pragmatic solutions.*

*Recommendation No. 12: UNCTAD should consider setting up a Secretary-General trust fund to finance developing-*

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*country experts' participation in UNCTAD meetings and also tap into bilateral development assistance programmes for that purpose.*

*Recommendation No. 13: UNCTAD's intergovernmental machinery should provide relevant and pragmatic solutions to development problems. The outcomes could be formulated through a four-staged, synergetic approach and take the form, for example, of inventories of best practices, checklists, indicative guidelines, sets of criteria/principles, and model frameworks.*

*Recommendation No. 14: UNCTAD's intergovernmental expert meetings should become Standing Expert Groups, with a possible life span of two-to-four years, each focusing on different key development issues and with the clear objective of formulating pragmatic outcomes.*

*Recommendation No. 15: UNCTAD's commissions could benefit from a rationalization that would foresee a Trade Commission and an Investment Commission, with a possible third commission dealing with technology.*

*Recommendation No. 16: The Trade and Development Board's deliberations should be enriched by an interactive session with think tanks on economic development. Its high-level segment, which is ineffective, should be replaced by a multi-stakeholder dialogue or by a "Global Forum for Trade, Investment and Development".*

*Recommendation No. 17: Consideration should be given to biennializing the Conference, focusing on one broad*

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*development theme at a time. Preparations for the Conference should be shortened and made more effective.*

*Recommendation No. 18: UNCTAD should increase its participation in country-level mechanisms for technical assistance and regional development programmes, including within the framework of the Millennium Development Goals.*

*Recommendation No. 19: UNCTAD's technical assistance should build on its technical excellence in economic policy issues. It should consolidate its 400-plus projects into four-to-five major technical cooperation programmes centred on overarching themes, with a view to maximizing impact and increasing efficiency and coherence. UNCTAD should also diversify its funding base.*

*Recommendation No. 20: UNCTAD should consider establishing an advisory body for technical assistance, comprising representatives of development assistance and recipient agencies, to advise the Secretary-General on formulating institutional strategies for technical cooperation and reviewing the impact of this work.*

*Recommendation No. 21: UNCTAD should ensure synergy among its three pillars by strengthening its central mechanism for vertical and horizontal coordination. It could also set up multidisciplinary teams to respond effectively to the emerging needs of developing countries. And it could offer to make presentations to new government cabinets on trade, investment and technology issues immediately after a change of government*

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## **Introduction**

1. UNCTAD is at a crossroads, defined by a growing conflict between the reality of its success and the perception of its redundancy. The reality is that UNCTAD has a history of achievements that reflect a fulfilment of its mandate as the premier international organization addressing the problems of trade and development. Yet the perception has undeniably grown that UNCTAD today lacks relevance, effectiveness and impact.

2. Members of this Panel of Eminent Persons wish to affirm UNCTAD's record of achievements in the endeavour for development worldwide, while simultaneously underlining the need, in light of a changing world and the evolution of views on development strategies, to renew and reinvigorate the organization. This report therefore addresses both the history and the future functioning of UNCTAD, focusing on the ways in which its development role and impact can be strengthened.

### **Chapter I. UNCTAD's *raison d'être* and the development cause**

#### ***A. The changing context of development***

3. UNCTAD was created in 1964 to fulfil a development mission. The world has changed since then. The East/West divide makes little sense after the collapse of the Berlin Wall. The North/South axis is still a fact of life, but a lesser one in light of the growing diversity among developing countries. The thinking on appropriate development strategy has thrown into sharp relief the



wisdom of the early proponents of political democracy and economic incentives. Views on the role of the external environment within which the developing countries must function have also changed, from seeing it as a threat to considering it as an opportunity.

4. UNCTAD was established to promote development among the so-called “un-developed” and “under-developed” newly independent countries. Its purpose was to facilitate the integration of these economies into the world economy through a balanced approach. This *raison d’être* remains valid, as the problems of development persist.

5. When UNCTAD was created, the world was at the peak of the East-West conflict, and the South had emerged as an economic grouping of poor countries vis-à-vis the rich North. The member States of UNCTAD were arranged into groups reflecting these divisions: the Group of 77 (developing countries, further subdivided into regional groupings), Group B (developed countries), Group D (the then Central and Eastern European countries) and China.

6. With the end of the Cold War, the former communist countries of Central and Eastern Europe have been seeking to make a successful transition from their earlier political regimes and economic systems. Some joined the European Union. Others are faced with the problems presented by their particularities; but their predicaments and aspirations are now largely in common with those of many other developing countries of the South.

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7. The South itself is not the monolithic political and economic bloc it was in the 1960s. Some developing countries have made a successful transition to the increased prosperity of the North; others are on the way; and still others have been stagnating and are even further marginalized. Developing countries on different continents and within each continent have had differing experiences and have diverse interests in issues related to international trade and investment. Asian countries generally have integrated themselves better into the world economy. Africa has generally done worse.

8. But while the needs, interests and development strategies of developing countries may be diverse, these countries are nonetheless bonded together by the common objective of accelerating their development.

9. The world has evolved also in regard to the thinking on appropriate strategies for development. At the time that UNCTAD was founded, development thinking was heavily influenced by two sets of perceptions, one concerning the characterization of development-oriented domestic policy and the other relating to the external environment that would facilitate or constrain development. In regard to the former, the growth-theoretic thinking that dominated planning and other efforts at policy-making was focused on the need to raise domestic savings and to supplement that effort with the attraction of foreign official funds in order to accelerate and sustain growth. These higher growth rates, in turn, were supposed to draw the poor into gainful employment and out of poverty: this was an active “pull-up” strategy, as opposed to a passive “trickle-down” strategy for development.

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Countries with explicit development plans were therefore focused on poverty and on “people” from the outset.

10. In addition to this focus on growth, early development thinkers in the 1950s and early 1960s considered the question of whether authoritarian government regimes, resulting from a multitude of political and historical factors, were better or worse for development than democracies. Their concern was that democracy might pose a “cruel dilemma”: namely, that democracies would be unable to raise domestic savings as rapidly as draconian regimes could. This “democracies are a handicap to development” thinking gave way, as it became clearer that authoritarian regimes, among other disadvantages, could pursue wrongheaded policies without correctives at the ballot box, that incentives to grow would be greater when political freedom was available alongside the judicious use of economic freedom, and that democracies were good simply in themselves.

11. Furthermore, the choice of development strategies at the time of UNCTAD’s creation reflected a pessimistic view of the external environment within which development would have to be pursued. In particular, there was much “export pessimism” among the finest thinkers on development, who believed that the trading system offered limited possibilities for gainful trade for developing countries. There was also a sense that the developing countries would be harmed, rather than helped, by integration into the world economy. Furthermore, the international economic institutions and policies of the time

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were perceived as being not conducive to the development of developing countries.

12. Today, cautious attitudes towards the process of integration into the world economy have been abandoned in many developing countries, and instead it is now some developed countries that fear integration with the countries of the South. The South seeks increasing trade and foreign investment, viewing access to markets and capital as opportunities to be seized within appropriate policy frameworks in order to make the greatest possible use of these opportunities.

13. In the recent past, the development community at large has been reflecting on the foundations and principles underlying appropriate development strategies. Issues related to life span and literacy rates, health, education, human rights, democracy, environment and gender have acquired greater salience. All of these developments are clearly reflected in the Millennium Development Goals (MDGs).

14. The persistent magnitude and complexity of the development problem requires an unprecedented level of high-quality international cooperation. Today, consensus-building, international cooperation and multilateral solutions to common problems are more vitally needed and more unavoidable than ever. It is the view of the Panel that international organizations such as UNCTAD can and should play a catalytic role in pursuit of development at the national and international levels through state-of-the-art policy analysis and advocacy.

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### ***B. The track record of UNCTAD***

15. In pursuing the new agendas that have been demanded by all these transformations since the 1960s, UNCTAD's competence must be assessed fairly by its record of performance rather than through the prism of current perceptions. Once that has been done, it becomes clear that UNCTAD has provided leadership in several areas, highlighting and analysing issues that often became salient in international policy-making later on. Consider just a few of its most notable successes:

- a. UNCTAD developed the idea of the Generalized System of Preferences (GSP);
  - b. UNCTAD pioneered the issue of trade in services, which only later became a central feature of GATT discussions and negotiations;
  - c. UNCTAD, at an early stage, focused on the issue of tariff escalation, a phenomenon that still persists, and even led international economists to develop the influential theory of effective protection that addresses the question of value-added protection;
  - d. UNCTAD pioneered as early as the 1960s the focus on South-South trade, yet another staple item in trade talks today;
  - e. UNCTAD pioneered the analysis of skilled migration, with several studies of the "brain drain" from developing countries, and organized discussions of proposals to deal with the issue through such measures
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as the taxation of migrants for purposes of development – questions now being revisited in several forums; and

- f. UNCTAD provided substantial input to commodity agreements as a way of addressing the persistent problems of earnings instability by countries dependent on one or just a few primary products.

16. UNCTAD's reputation has suffered from an inadequate familiarity with the totality of the institution's record of achievements. The Panel is happy to set the record straight.

### ***C. The gradual erosion of UNCTAD's role***

17. While UNCTAD certainly has made many important contributions, it cannot be denied that it has progressively lost its status as the premier international organization dealing with trade and development questions on the world stage. Part of the problem has been that its functions have steadily been assumed by other organizations. For example, once viewed by developing countries as a kind of "rich man's club", reflecting mostly developed-country interests, the GATT/WTO has become a more universal institution, with its membership multiplying many times over since the 1960s, encompassing both developing countries and economies in transition. Many UNCTAD ideas, such as special and differential treatment for developing countries, have been incorporated into the GATT/WTO. The World

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Bank and UNDP have also steadily expanded their activities to encompass areas within UNCTAD's mandate.

18. UNCTAD also suffered from its own ethos and from the way it conducts its business. For example, the organization's normative work is sometimes characterized by a mindset that leads to rhetorical exercises instead of focusing on pragmatic development solutions and ways to implement them.

19. The Panel understands that this unfortunate situation is to be explained partly by the progressive marginalization of UNCTAD. Despite UNCTAD's fine record of producing first-rate policy analysis on development issues within its mandate, it has been excluded from shaping the international institutional framework that has evolved to address development issues in a globalizing world.

20. There has been a great deal of debate on the appropriate extent of UNCTAD's negotiating mandates. There are voices that demand that, at least in the global trade negotiations, UNCTAD should be returned to its historic role. For all practical purposes, however, that negotiating mandate has been curtailed by member States themselves at the conferences in Colombia (1992) and South Africa (1996). Global finance, trade and investment negotiations are now conducted primarily in forums other than UNCTAD.

21. Against this background, a more meaningful future role for UNCTAD in consensus-building or even the negotiations proper will be conditional upon its capacity to produce first-rate quality research and policy analysis on

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development issues. Effective consensus-building and negotiations may or may not follow the perception that UNCTAD can in fact do this, but this is nonetheless a prerequisite for revitalizing the institution. No progress will be made without UNCTAD recovering its ability to be a leader.

22. Evidently, the current situation needs to be reversed. It can be. This report argues how.

#### ***D. Issues that require UNCTAD's engagement***

23. The Panel believes that UNCTAD should be a think tank on development issues, firmly anchored on its three pillars of work. This was surely a major (though not the exclusive) intention of UNCTAD's founders; and this *raison d'être* arguably remains the single most powerful reason why a renewed and refocused UNCTAD makes sense.

24. There are many areas of economic development where UNCTAD's policy analysis, intergovernmental deliberations and technical assistance can continue to make a difference. The São Paulo Consensus and the Bangkok Plan of Action clearly defined UNCTAD's mandates in dealing with development challenges in the areas of trade, investment, technology and finance, with particular attention to the poorest and most vulnerable economies (including in particular the least developed countries (LDCs) and Africa). What the organization needs is to intensify its efforts and take the lead on some emerging issues. To name just a few:

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- a. *Development strategies.* A fresh look should be given to the whole concept of development in the context of globalization. Current discussions on globalization and liberalization dwell extensively on the "winners" and "losers" of the process, both among States and within each State. This may help understand their impact and to draw lessons. But it is not sufficient. UNCTAD would do well to extend its future analyses to ways and means of achieving what some have called a "shared success" among countries. In addition, a new geography of international economic relations is emerging that is bound to see more and more developing countries entering the stage. UNCTAD should also examine, in the development context, emerging issues related to the interaction between the international trading system and the international financial system, and their interaction with national development strategies. Furthermore, UNCTAD should examine core economic issues in the broader development context, taking into account such related dimensions as education, gender, health, environment, human rights and migration.
  
  - b. *Trade and development.* UNCTAD is the appropriate forum to deal with the factor of trade in sustainable economic development. The role of trade liberalization in promoting development needs to be thoroughly examined. Some questions need to be answered. For example, what is the content of the concept of "fair trade"? What will be the impact on the LDCs, many of them in Africa, of agricultural liberalization if the European Union and the United
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States remove their agricultural subsidies and trade barriers? The commodity issue is paramount for the economies of developing countries. UNCTAD should identify innovative ways and means of dealing with this issue and ensuring maximum development benefits from commodity trade. It should pay particular attention to helping developing countries deal with commodity market access, and add value to their commodity products.

- c. *Aid-for-Trade.* Aid-for-Trade is another important area of recent concern that UNCTAD can clarify and take a lead in. The Aid-for-Trade initiative encompasses issues ranging from trade-related technical assistance and capacity-building to strengthening productive capacities, to overcoming supply constraints and trade-related infrastructure and helping developing countries manage adjustment processes resulting from trade liberalization. UNCTAD has wide-ranging experience in these areas. UNCTAD, whose traditional mandate is to look at such issues as trade, development and aid in terms of their complementarity, is one of the natural agencies to be actively involved in the Aid-for-Trade initiative. UNCTAD's comparative advantage has been in providing developing countries with an integrated perspective on trade and development strategies and policies and promoting coherence in this regard. It could also strengthen its relevance in Aid-or-Trade discussions and initiatives by enhancing its cooperation with other key organizations and actors active in the field of trade-
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related assistance, such as UNDP and the Regional Commissions, especially at the country and regional level.

- d. *Skills and development.* UNCTAD played a pioneering role in drawing attention to the “brain drain” problems of developing countries in the 1960s. The countries that were once at the centre of this debate, however, have now moved on to a different template, under which they see out-migration of skilled people as an opportunity rather than as a threat. But the “brain drain” template continues in many countries in an acute form, particularly in Africa. The few well-educated professionals out-migrate and often end up working in developed countries. Even if they did not, there would be serious shortages of skilled manpower, so that the brain drain template continues to situate itself within the context of acute shortages of skilled people. This is perhaps one of the major problems hindering Africa’s development. UNCTAD must address this set of issues, distinguishing between the two templates and taking into account the fact that migration is a global issue affecting the development of all countries and that solutions in this regard must be based on fair and transparent rules.
- e. *Investment for development.* UNCTAD has established itself as the leading international agency in addressing investment issues. It needs to help developing countries harness investment for development. A key challenge is to promote
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investment in the poor countries so that their development efforts are assisted by foreign investment, as a number of LDCs and African countries have not benefited from global investment flows. UNCTAD can also promote a balanced approach to the rights and obligations of the multinationals and the home and host countries in international investment policy-setting. In fact, initiatives for promoting corporate responsibility and host-country public interests are moving increasingly to the fore, not just in some of the new generation of international investment agreements entered into by both developed and developing countries, but also in the initiatives undertaken by many multinationals themselves. This approach would help developing countries to be more active in seizing the development opportunities presented by foreign investment. Such initiatives would also help streamline the more than 5,500 bilateral and regional treaties that are proliferating to regulate foreign investment. Inevitably, these lead to diversity and complexity of international investment rules and to an erosion of multilateral cooperation in the area of investment. UNCTAD can and should provide the forum for a balanced multilateral approach to international investment rule-making, e.g. an “*investment-for-development framework*”.

- f. *Narrowing the technology gap.* Technology is a crucial input to the growth prospects of countries and a precondition for overcoming poverty and marginalization. There is a tremendous gap in
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international cooperation to address this issue. UNCTAD needs to identify policies and measures to integrate technology into national development strategies and to maximize their impact on the achievement of the MDGs. This includes the issue of intellectual property rights and development. UNCTAD should also assist developing countries in building innovation capabilities, developing the absorptive capacity and infrastructure for technology transfer, and applying modern information and communication technologies (ICT) to development.

- g. *Regional integration and South-South cooperation* are other areas where UNCTAD's engagement is required. UNCTAD should monitor the trends and look into emerging issues and implications from a global and development perspective. It should also help design and launch new modalities for increasing trade, investment and technology flows among developing countries, while shedding light in an impartial way on such critical questions as the relative merits of bilateral, regional and multilateral initiatives.

***Recommendation No. 1: UNCTAD needs to be a leader in identifying and analysing key emerging issues, such as "aid-for-trade", skills availability and "brain drain", and an investment-for-development framework, and to advocate pragmatic solutions to today's and tomorrow's most salient development challenges.***

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## Chapter II. Strategic positioning and alliances

### A. *Implications of the UN systemwide reform for UNCTAD*

25. Part of the current debate on the UN systemwide reform concentrates on increasing the impact and relevance of the organization's work on development, environment and humanitarian assistance. Three questions addressed in this context are relevant to UNCTAD:

- a. First, the question of *duplication and redundancy* in these areas. The current situation is marked by a vast array of programmes and UN entities that work in one of these areas or a combination thereof, with the result of duplication and resource waste. It is obvious that a streamlining of efforts is required to gain efficiency and effectiveness and to cope with a limited resource base. In this connection, UNCTAD is also faced with the challenge of improving its strategic positioning within the UN system.
  - b. Second, the question of *incoherence* in a systemwide approach to the three areas. In the current situation, the UN's development work is undertaken via a plethora of programmes and funds working in a given country. At times, more than 30 different agencies are entrusted with delivering aid and development-related technical assistance programmes. At the same time, smaller agencies with a pool of expertise in specific issue areas like UNCTAD have not contributed to systemwide efforts in achieving the MDGs, partly because of their lack of country-level
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presence. These programmes and funds have been delivering technical assistance through a piecemeal approach. A unified structure along the lines of a one-United Nations-office-per-country approach that pools resources and expertise from all appropriate programmes and entities would ensure country-specific coherence and result in consolidated efforts better able to deliver development.

- c. Third, the question of the *weak linkage* among the normative, operational and analytical functions. The UN's current approach often lacks effective interaction among them, with a resulting loss of synergies and efficiency. UNCTAD has positive experience in its approach to a mutually reinforcing interaction among these functions (its three pillars of work).

26. The Panel supports the UN's reform initiative in the area of development and shares the underlying concerns about the lack of coherence and duplication. Despite at least a decade of efforts to address these concerns, the problems persist. Therefore, further systemwide efforts to enhance the development impact of the Organization are needed.

27. The Panel welcomes the suggestion of a one-United Nations-office-per-country approach to deal with development issues. This would create synergies, avoid duplication, increase efficiency and enhance impact. However, the location of core competence/expertise needs to be clarified. It appears unrealistic and not cost-effective to establish all-around multi-disciplinary teams in every

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developing country. Rather, it would be more cost-effective to pool technical expertise accumulated in different specialized programmes and entities at the central level to backstop the one United Nations office in each country.

28. Most important in this regard is a clear division of labour among the UN organizations, programmes and agencies at the central level, so that each focuses on its core competencies and not everybody is doing everybody else's job. This would not only reduce duplication but also provide an opportunity to cut the numerous cumbersome and sometimes ineffective coordination mechanisms that have proliferated as a result of overlap and duplication, contributing to a further waste of resources. A key element here is for each organization to keep its focus. The Panel suggests that once the division of labour amongst the organizations is clarified, all heads of UN agencies should sign a compact committing themselves to sticking to the core competencies of their respective organizations and to contributing effectively to the UN systemwide coherent approach at the country level.

29. The Panel considers that it is sometimes beyond the UN Secretariat's ken to avoid duplication; member States also play a crucial role in this regard. Each agency has its own constituents/counterparts in its member States. The respective constituencies should be sensitized to avoid a proliferation and/or expansion of mandates beyond the core competencies of their respective agencies. In this connection, the registry of mandates in the context of the General Assembly and ECOSOC could also be used as a mechanism for improving the division of labour among the relevant

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intergovernmental bodies. A United Nations systemwide registry of mandates could be a useful tool for monitoring the proliferation of mandates with a view to avoiding duplication and ensuring effective implementation and coherence. The Panel proposes that Member States may wish to consider extending such a registry to cover mandates of all UN organizations and specialized agencies in a manner easily accessible to all organizational entities, particularly their respective governing bodies.

***Recommendation No. 2: All heads of UN agencies should sign a compact committing themselves to sticking to the core competencies of their respective organizations and to contributing effectively to the UN systemwide coherent approach at the country level in pursuit of the Millennium Development Goals. A registry to cover mandates of all UN organizations and specialized agencies could be helpful in this regard.***

30. The pursuit of the MDGs is a prime development responsibility, and UNCTAD has an important role to play in this endeavour. However, one cannot equate development with the achievement of the MDGs *per se*. Development goals today, generally subsumed under the phrase “sustainable development”, are manifold and need to be contextualized within a broader and deeper framework of development thinking. They also require prioritization among alternative desirable targets when there are not enough resources to achieve them all or when they face differing degrees of obstacles in their pursuit. To this end, the Panel considers that UNCTAD must address the many “core development” issues relating to trade, investment and

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technology that impinge directly on problems of market access and supply capacity-building. These areas clearly fall within the core competence of UNCTAD.

31. At the same time, the Panel emphasizes that trade, investment and technology issues are interrelated, and cut across and interface with broader development, environment and humanitarian assistance issues. A clustering or regrouping of UN systemwide activities under the broad categories of development, environment and humanitarian assistance may thus not be a good way of dealing with these core UNCTAD issues. The Panel therefore recommends that the ongoing reform effort in this respect within the United Nations system should take into account both the advantages and mandates of UNCTAD and the “coherence issue” of the delineation of its interface with complementary international organizations. The reform should strengthen, not weaken, the development work of the United Nations. Otherwise, it will be unproductive, if not counterproductive.

32. Within the context of the UN reform, UNCTAD should stand as a distinct entity, taking the lead as the system’s think tank for an integrated treatment of the interrelated development issues of trade, investment, technology and finance. Its core competencies should be maintained and enhanced. The UN system at large, as well as member States of UNCTAD, should make good use of its existing pool of technical excellence on economic development policy issues and ensure its contributions to the systemwide efforts to achieve the MDGs.

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***Recommendation No. 3: UNCTAD's core competencies should be maintained and enhanced so as to reflect their inherent interconnectedness. Clustering or regrouping UN systemwide activities under the headings of development, environment and humanitarian assistance does not appear to be an effective way of dealing with "core economic development issues".***

### ***B. Strategic positioning of UNCTAD***

33. The Panel supports the existing overall approach of UNCTAD. It believes that the strategic positioning of the organization within the UN system should be based on the following principal criteria: (a) comparative advantages; (b) differentiation and complementarity; and (c) strategic and catalytic interventions.

- a. *Comparative advantages.* UNCTAD's comparative advantages lie in several areas: its technical excellence in policy analysis and policy advocacy; its unique information and data capacities at the global level; its convening power in international consensus-building; and its track record in several specialized areas of technical assistance (e.g. capacity-building in trade and investment policy-making, trade facilitation, debt management and customs automation).
  - b. *Differentiation and complementarity.* UNCTAD's focus should be on the areas of its core competence, namely, trade, investment, technology, finance and
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the cross-cutting issues of South-South cooperation, LDCs and Africa. Through its integrated and coherent approach to these development-related issues and its focus on the interaction between national development policies and strategies and international rule-making processes, the organization's work differs from, and complements, what other international organizations contribute to the development endeavour.

- c. *Strategic and catalytic interventions.* UNCTAD is no longer a distinct international rule-making body, nor is it a primary national policy setter. It is furthermore a relatively small organization within the UN system, endowed with limited resources. UNCTAD should therefore position itself to provide strategic and catalytic interventions, i.e. play a vital role by filling selected and strategic niches in the economic development area. The organization should carefully choose its ground, paying particular attention to impact. The key is to identify where, when and how UNCTAD can make a strategic and significantly value-added intervention in the development process at the national and international levels. Selectivity is of the essence.

34. In applying these principal criteria to the functioning of UNCTAD, member States need to exert effective responsibility in providing guidance to the work of the organization. Whereas they have been successful in defining the organization's comparative advantages and its differentiated and complementary approaches – as reflected

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in the São Paulo Consensus – they have been ineffective in prioritization, particularly in the process of setting the organization's strategic plan and programme budget.

35. Prioritization is a painful process. Nevertheless, today every organization has to go through this process. "Sharpening the focus" and "prioritizing" should not be equated with a weakening of the organization, but rather with helping to strengthen it by increasing its relevance, efficiency, effectiveness and impact. The ultimate objective of prioritization should be to put the organization's strengths to the best use in achieving development results.

***Recommendation No. 4: UNCTAD should strategically position itself based on three principal criteria: comparative advantages; differentiation and complementarity; and strategic and catalytic intervention, so as to put the organization's strengths to the best use in achieving development results.***

### ***C. Streamlining the relationship with other international organizations***

36. In the pursuit of its mandates, UNCTAD needs to create genuine partnerships with those international organizations that provide complementarities to its own efforts, taking into account their respective mandates, expertise and experience. Inability to cooperate effectively and efficiently with other international organizations in the interest of development is counterproductive to achieving

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results on the ground and leads to duplication, resource waste and bureaucratic inertia.

37. To meet this challenge, overall coordination within the UN system and with other international organizations should be enhanced to achieve a better and more explicit division of labour, with UNCTAD playing its role on the basis of its comparative advantages within the system.

- a. Concerning the WTO, there is a clear division of labour whereby the WTO concentrates on rule-making and rule-enforcing in the area of trade, while UNCTAD deals with trade-related development issues (e.g. pre-negotiation consensus-building, trade capacity-building, trade infrastructure and trade facilitation, including e-commerce). Furthermore, UNCTAD's mandate goes well beyond trade issues, e.g. in the areas of debt management, investment/productive capacity-building, competition policy and technology.
  - b. Cooperation with the Bretton Woods institutions could be further strengthened through effective arrangements for policy dialogues on key development issues. The practice of reciprocal representation at each other's meetings could also be enhanced.
  - c. Regarding DESA, there could be better coordination and cooperation, particularly in the area of macro-economic analysis, where UNCTAD provides inputs in the areas of its competencies to DESA's work.
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UNCTAD could continue to take the lead and provide substantive backstopping on trade, investment and technology issues to ECOSOC and the General Assembly, based on its technical expertise in these areas.

- d. With regard to UNDP, there is a potential overlap problem due to UNDP's entering the trade policy analysis area. The idea would be to come to an arrangement whereby UNCTAD provides related substantive backstopping to the United Nations Resident Coordinators in country programming and in formulating national trade and investment policies for poverty alleviation. In other words, the "front office" (UNDP) should not develop products that are already available in the "back office" (e.g. UNCTAD).
  - e. Increased efforts are also needed to reinvigorate complementarities and further develop existing synergies with the ILO (on employment and structural adjustment), with the FAO (on agricultural trade), with UNESCO (on science and technology questions), with UNIDO (on industrial policies), with UNIFEM (on gender issues), with WIPO (on intellectual property rights and development) and with the OECD – to name only a few. The division of labour between these institutions and UNCTAD should also be clarified, as several of these agencies are now embracing issues among UNCTAD's core competencies, resulting in duplication and resource waste.
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- f. A special case concerns UNCTAD's relationships with the Regional Commissions. Here, a complementary and mutually reinforcing division of labour prevails through UNCTAD's focus on *global and interregional* issues related to regional integration, with particular attention to South-South (cross-regional) cooperation, bringing the plethora of different regional experiences together and drawing development lessons from a global perspective. One option for strengthening this relationship would be to establish UNCTAD-Regional Commission Joint Units as footholds in the field and as extended arms in developing regions. The establishment of such Joint Units could exploit the UN's new human resources development policy for staff mobility: it would allow for strengthening cooperation and coordination and at the same time facilitate implementation of this new policy by exchanging and rotating staff in the joint units. This approach should have insignificant additional resource implications, as the joint units could be located within the existing secretariats of the Regional Commissions.

***Recommendation No. 5: UNCTAD should create genuine partnerships with those international organizations and UN entities that provide complementarities with its own efforts through strengthened cooperation and coordination, with a view to avoiding duplication.***

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#### *D. Effective involvement of development stakeholders*

38. Civil society and the private sector have become a valuable and indispensable player in the development endeavour today. The rapidly growing developing-country NGOs, many of small size and working at the ground level, and the many businesses that are now embracing corporate social responsibility in diverse ways are a remarkable phenomenon that promises to accelerate and strengthen the development process. The Panel believes that outreach to both civil society and the private sector is particularly important for organizations such as UNCTAD that lack a direct link with the field. Indeed, the effective involvement of civil society, including NGOs dealing with issues related to gender and children, local authorities, parliamentarians, and the private sector is required not only as a multiplier for effective outreach, but also as a necessary ingredient for ensuring the relevance and development impact of UNCTAD's work.

39. Expanding and deepening the relationship with civil society and the private sector will further strengthen both the institution and its intergovernmental debate. One idea to further this relationship would be to open part of the intergovernmental machinery to representatives of business, labour and development NGOs so as to enable them to participate in the international consensus-building and policy advocacy process on an equal footing (e.g. a multi-stakeholder dialogue). This could help bring civil society and the private sector closer to UNCTAD, and in the process help broadening the organization's client base. Having said that, it is important to stress that UNCTAD is and will remain an intergovernmental organization in which decisions are taken

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by its member States. Concerns as to legitimacy and relevance should be adequately addressed in this context.

40. Another idea is to reach out to the "grass-roots" NGOs and small and medium-sized enterprises in developing countries, particularly through national and regional activities, and factor their development concerns into UNCTAD's policy research and deliberations. UNCTAD could also help build the capacity of grass-roots NGOs in the LDCs and Africa in the areas of its core competence, in collaboration with regional organizations and UN field offices.

41. UNCTAD should also actively engage businesses, both large and small, from developing and developed countries alike, in its consensus-building, research and technical assistance activities. After all, business is an important driver of economic growth and development and exerts an important influence on national and international policy-making, whilst government policies in turn directly affect their business operations and development contributions.

***Recommendation No. 6: UNCTAD should increase the involvement of civil society and the private sector in its work, giving particular attention to "grass-roots" NGOs and small and medium-sized enterprises in developing countries.***

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### **Chapter III. Making UNCTAD more effective and efficient**

42. UNCTAD's interactive and mutually reinforcing pillars of work consist of international consensus-building, research and policy analysis, and technical cooperation. The rationale for this three-dimensional approach remains valid. However, there is room for improving the respective functioning of the three pillars and their interaction, so as to contribute to enhancing UNCTAD's development role and impact on the ground. The Panel proposes the following ideas for improving the functioning of the organization.

#### ***A. Research and policy analysis***

43. The Panel has already noted that UNCTAD's record of research and policy analysis is substantial. However, a number of challenges must be overcome in order to improve the organization's standing and credibility on this vital function.

44. The Panel has been informed that UNCTAD's research sometimes confuses developing-country policy makers because different strands of its research lead to conflicting prescriptions. It is therefore important that there be an effective mechanism within the organization to address the internal incoherence that may from time to time characterize the various flagship and other reports.

45. There has also been a proliferation of publications (with over 100 official publications per year, plus technical materials and parliamentary documents), some of which

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have only marginal significance and impact. Furthermore, there is concern that UNCTAD's research and policy analysis fails to be communicated effectively to the developing countries; the supply chain may be strong in production but can break down if distribution is weak, and hence fails to achieve the organisation's objectives.

46. The Panel cannot emphasize enough that UNCTAD's research needs to stay "ahead of the curve" in its fields of competence, by addressing emerging and strategic development issues on the national and international agenda through its integrated approach. The Panel has suggested several illustrative areas where such leadership can be exercised (see paragraph 24 above).

47. UNCTAD could establish a *Global Network of Development Think Tanks* to serve as the focal point for think tanks specialized in development policy advocacy and strategy-setting in different countries. UNCTAD could host the Network's conferences and provide an online discussion forum. Such a forum could serve for the exchange of views, experiences and best practices among its members. This would help not only to enhance the relevance of UNCTAD's research work but also to disseminate UNCTAD's output of policy analysis.

***Recommendation No. 7: UNCTAD should consider establishing a global network of think tanks specialized in development policy advocacy and strategy-setting in different countries, with a view to exchanging views, experiences and best practices.***

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48. Ensuring the quality and coherence of UNCTAD's output requires strong leadership, effective communications and a shared sense of direction. In addition, a rigorous peer review mechanism should be established. The Panel suggests that the Secretary-General create a consultative group consisting of eminent development economists to provide advice to the overall research approach and comment on the policy thrust of the flagship publications.

***Recommendation No. 8: UNCTAD should improve the quality and coherence of its research and policy analysis by establishing a consultative group of eminent development economists to review and advise on its key research products.***

49. UNCTAD publications should be rationalized. UNCTAD should focus its resources on the established “*flagship*” products. Other publications should be grouped into a limited number of major study series on key and emerging issues. The number of ad hoc publications of marginal significance and impact should be reduced. This would help improve the quality, increase the impact and ensure consistency and systematic treatment of key development issues.

50. UNCTAD also needs to identify more efficient and effective modalities for transmitting the findings of its research and policy analysis, and for adapting them to each country's specific needs in its policy-based advisory services. Ways and means should be identified to ensure that products and audiences match and that UNCTAD's key policy messages reach high-level policy-making processes,

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such as the various ministerial and heads-of-government meetings held year round in different regions and regional groupings.

***Recommendation No. 9: UNCTAD should strengthen its "flagship" research products and major study series, limit the number of marginal publications and ensure effective communication and dissemination so as to reach high-level policy makers.***

### ***B. International consensus-building***

51. UNCTAD's international consensus-building efforts rest largely on its intergovernmental machinery. However, there has been general dissatisfaction with the functioning of the existing machinery. The underlying problems and difficulties relate, among others, to the effectiveness, relevance and impact of the outcomes at international and national levels, the effective involvement of other development stakeholders and the declining participation of capital-based experts from all groups of countries, in particular developing countries.

#### ***1. Building a partnership spirit***

52. The current process of UNCTAD's intergovernmental work is handicapped by occasional resort to rhetorical exercises. The Panel urges focus on pragmatic development solutions and the operational implications of the organization's outputs. The debate in the intergovernmental machinery at the policy level also lacks a reality check as to what is important for development on the ground. As a

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result, the outcomes are difficult to implement and follow up, and therefore lack relevance and impact.

53. The value of outcomes should not be judged by their format, i.e. whether they are resolutions, decisions, agreed conclusions or recommendations, or chairman's summaries, nor should that value be judged by their number. What matters is the value they add to the development endeavour.

54. The challenge is to change the mentality and "culture" in UNCTAD's normative work. To make a difference on the ground, UNCTAD needs to come up with pragmatic development policy solutions. This requires overcoming confrontational attitudes, building trust and creating a comfort zone that nurtures a spirit of development partnership and "shared success".

***Recommendation No. 10: Member States should overcome confrontational attitudes, build trust and create a comfort zone that nurtures a spirit of development partnership and "shared success".***

55. The Panel has reviewed the traditional functioning of UNCTAD within the framework of the Group system in which member States are rigidly assigned according to geographical criteria. This makes flexible adaptation to the shifting realities of the changed development landscape (see Section A of Chapter I above) even more difficult. It is indeed surprising that the old Group system is still the primary method of transacting UNCTAD business. It implies that UNCTAD looks at the present and into the future

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through the lens of the past. The Panel believes that the system has now become too rigid.

56. Groups may be usefully retained for decision-making at the strategic level, such as to set the direction and priorities for the organization and bargain collectively on key decisions. But it could be handled more flexibly in UNCTAD's think-tank deliberations and arguably also in consensus-building on specific development issues for pragmatic solutions. All member States, particularly the small and weak among them, should be encouraged to participate actively and effectively in the debates on development issues at UNCTAD.

***Recommendation No. 11: The Group system may be usefully retained for decision-making at the strategic level, but it should be handled more flexibly in think-tank deliberations and in the consensus-building process on specific development issues for pragmatic solutions.***

57. Financing of developing countries' participation remains a challenge. One way to deal with this issue would be to establish a Secretary-General trust fund. Another would be to mobilize resources through bilateral and/or multilateral (i.e. UNDP) development assistance programmes at the national level. This would require making participation in UNCTAD's normative work part of national development assistance programmes (with a view to facilitating interaction between national and international processes so as to ensure coherence and human capacity-building and exchanges of national experiences).

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*Recommendation No. 12: UNCTAD should consider setting up a Secretary-General trust fund to finance developing-country experts' participation in UNCTAD meetings and also tap into bilateral development assistance programmes for that purpose.*

## *2. Enhancing the relevance and impact of the outcomes of the intergovernmental process*

58. The first issue to be addressed in this context relates to the usefulness and relevance of the intergovernmental machinery for UNCTAD's clients. Currently, the three-to-five-day deliberations on a specific topic lead to reports that are generally not useful to member governments. In general they suggest agendas for the secretariat and are frequently unnecessary, as the work of the secretariat is guided principally by the overarching and comprehensive mandates from the quadrennial conferences.

59. Admittedly, UNCTAD is not a rule-making body. Nevertheless, it can still provide pragmatic inputs to national policy formulation and international rule-making processes. Outcomes could, for example, take the form of:

*Inventories of best practices* – e.g. inventories of effective policy measures in trade promotion; or of best practices in setting up regional integration schemes; or of best practices of home country measures in promoting outward investment and technology transfer to developing countries, particularly LDCs;

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*Checklists* – e.g. checklists of elements in formulating trade policies; or of elements for national development strategies; or of elements for consideration in formulating technology and intellectual property policies; or for reviewing cross-border mega mergers and acquisitions;

*Indicative guidelines* – e.g. a guideline for setting national corporate responsibility and reporting standards;

*Sets of criteria/principles* – e.g. criteria for testing the development-friendliness of international investment agreements, or a set of principles similar to the existing set of UN rules and principles on restrictive business practices;

*Model frameworks* – e.g. a model framework for enabling investment for development, or for national ICT development strategies.

60. A related process could involve a four-staged cycle. Specifically, the secretariat's research and policy analysis would provide a basis for intergovernmental deliberations (stage 1). These would result in the formulation of prospective outputs at the expert level and a review of policy implications at the policy-making level (i.e. the Commissions and/or the Trade and Development Board) (stage 2). The secretariat could then provide technical assistance to selected developing countries or selected cases in applying the outcomes achieved, and collect feedback from their implementation (stage 3). This could then be

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reported back to the respective intergovernmental bodies for further improving the relevance and effectiveness of these outcomes (stage 4).

***Recommendation No. 13: UNCTAD's intergovernmental machinery should provide relevant and pragmatic solutions to development problems. The outcomes could be formulated through a four-staged, synergetic approach and take the form, for example, of inventories of best practices, checklists, indicative guidelines, sets of criteria/principles, and model frameworks.***

### ***3. Improving the process***

61. The second critical issue concerns the type of process that would effectively support the achievement of these outcomes. The current structure of the intergovernmental machinery could remain the same, i.e. consisting of four levels: expert meetings, commissions, the TDB and the Conference. However, the processes by which each of these levels is implemented would need to be improved.

#### ***a. Expert level***

62. The intergovernmental expert meetings could be converted into *Standing Expert Groups* with a possible life span of two-to-four years, each focusing on a key development aspect and with the clear objective of formulating pragmatic outcomes. The Groups' deliberations would need to revolve around topics that are central to the priority areas set by the Conference. Experts and the secretariat should interact throughout the lifetime of the Groups, including

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inbetween the sessions. This would automatically establish continuity in topics and create a cohort of experts associated with UNCTAD. It could also provide an intellectual home for policy makers and other development stakeholders, which in turn could make the "normative" dimension of UNCTAD's work more attractive to country experts who would come for their own reasons.

***Recommendation No. 14: UNCTAD's intergovernmental expert meetings should become Standing Expert Groups, with a possible life span of two-to-four years, each focusing on different key development issues and with the clear objective of formulating pragmatic outcomes.***

*b. Commissions*

63. UNCTAD's commissions could benefit from a rationalization and consolidation that would foresee two main commissions, namely, an Investment Commission and a Trade Commission. This appears possible as almost all the issues currently dealt with by the Enterprise Commission (trade facilitation and enterprise internationalization) could be incorporated into the remaining two. The issues related to information and communication technologies (ICTs), as currently covered by the Enterprise Commission, and those related to technology, as currently covered by the Investment Commission, could be assumed by ECOSOC's Commission on Science and Technology for Development (CSTD). The Panel suggests that, should the CSTD be reoriented to focus on ICT issues (in line with the decision of World Summit on the Information Society), a third new commission could be the UNCTAD Commission on Technology. This body would deal

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with traditional technology issues, enjoy the same status (intergovernmental and open-ended) as the other commissions and report to the TDB.

64. The commissions would deal with emerging issues that are key to development in the areas of trade, investment and technology. They would also provide guidance to the Standing Expert Groups and review their final outcomes by endorsing the Groups' outcomes and considering their policy implications and implementation.

65. The commissions need to explore avenues for improving their effectiveness and impact. Efforts to increase their relevance should focus on broadening both the recipient and participant base.

***Recommendation No. 15: UNCTAD's commissions could benefit from a rationalization that would foresee a Trade Commission and a Investment Commission, with a possible third commission dealing with technology.***

*c. The Trade and Development Board*

66. The work of the TDB also needs to be improved, with a view to creating more dynamic deliberations that focus on broad development paradigms and strategies, as well as on the integrated treatment of trade, investment and technology issues. The Board should continue to be the governing body of UNCTAD's work and to deal with cross-cutting issues, such as interdependence, South-South cooperation, the LDCs and Africa.

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67. The high-level segment of the TDB, which has proved ineffective (in part because it lacks high-level participation from capitals), could be replaced by a multi-stakeholder dialogue on key emerging global issues and development strategies or by a biennial *Global Forum for Trade, Investment and Development*, while leaving the ministerial involvement to the conferences. The topics for such a forum would need to be carefully chosen in line with existing mandates, and its mechanisms spelled out. Additionally, an interactive session with worldwide think tanks on economic development could be envisioned that would lend itself to more substantive deliberations within the TDB. The *Global Network of Development Think-Tanks* proposed above (paragraph 47) could hold its conferences back-to-back or in parallel with those of the TDB.

***Recommendation No. 16: The Trade and Development Board's deliberations should be enriched by an interactive session with think tanks on economic development. Its high-level segment, which is ineffective, should be replaced by a multi-stakeholder dialogue or by a "Global Forum for Trade, Investment and Development".***

*d. The Conference*

68. In the current set-up, the quadrennial conference is a catch-all event that tends to lack focus and attract only one set of decision-makers in member States, i.e. usually the ministers responsible for the trade portfolio.

69. Alternatively, consideration could be given to converting the quadrennial full-fledged conferences into

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biennial conferences focused on one overarching theme at a time (such as trade and development, the information economy and development, investment and development, technology and development, etc.). Such a biennial conference would also help attract ministers from the relevant line ministries, increase the frequency of high-level government exposure to the organization's competence and align the conferences with the budget cycle of the United Nations.

70. Be it biennial or quadrennial, the time-consuming, resource-intensive and ineffective preparatory process of the Conference (10 to 12 months) should be shortened and improved.

***Recommendation No. 17: Consideration should be given to biennializing the Conference, focusing on one broad development theme at a time. Preparations for the Conference should be shortened and made more effective.***

### ***C. Technical cooperation***

71. UNCTAD's technical assistance has helped strengthen the human and institutional capacity of developing countries in international rule-making (e.g. trade diplomacy and international investment agreements), improve national policy-making (e.g. investment policy reviews and competition policy), and streamline systems and procedures at the country level (e.g. debt management and Customs reforms).

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72. At the same time, the organization faces a number of challenges in its technical assistance delivery. UNCTAD's technical cooperation is spread widely over a large number of projects, supported by relatively modest and dwindling resources. Most crucially, it lacks participation in country-level development programmes in the framework of the MDGs. Furthermore, at the national level there are generally several different counterparts with which UNCTAD cooperates, which only compounds the fragmentation. As a result, the potential contributions of UNCTAD's technical assistance have not been fully recognized at the country level by governments and others.

73. To address these problems, UNCTAD needs to realign its technical assistance activities to the overall strategic shift within the UN's technical assistance efforts to create *"a more effective, efficient, coherent, coordinated and better-performing United Nations country presence"* (2005 World Summit Outcome).

74. The focus of UNCTAD's technical assistance work should be based on its reputation for, and comparative advantage in, technical excellence in economic policy-related matters and its integrated approach to the delivery of technical assistance. Within this context, an appropriate portfolio of balanced national and international (global, regional and/or subregional) projects needs to be ensured. While the international dimension is more effective in reaching groups of countries on general issues and permits a broader exchange of national experiences, national projects can be tailored to the specific needs of a particular beneficiary country.

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75. Increased participation in UN country-level mechanisms is a must, as is joining hands with UNDP, UNIDO, WTO, the World Bank and other organizations, including regional integration organizations, in delivering holistic and multidisciplinary technical cooperation through country-level programmes and regional initiatives. Such participation in country programming and follow-up could be facilitated by the establishment within UNCTAD of country focal points, particularly for individual LDCs, which should be in close touch with UN Resident Coordinators. These focal points could also join hands with the Regional Commissions and other regional organizations in formulating regional development programmes.

***Recommendation No. 18: UNCTAD should increase its participation in country-level mechanisms for technical assistance and regional development programmes, including within the framework of the Millennium Development Goals.***

76. To respond to the aspirations and mandates of member States, as affirmed at São Paulo, it is imperative to depart from the present “ad-hoc-ism” in technical cooperation and adopt a more consistent and consolidated approach. The huge number of projects (currently over 400, most of them small in scale) should be consolidated and grouped into four-to-five mega programmes centred on overarching themes, with a view to maximizing impact and increasing efficiency and coherence. While technical assistance work should be demand-driven, it should also be geared towards those developing countries with the greatest needs, particularly the LDCs and African countries.

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77. Securing stable, adequate and predictable funding remains a major challenge. The need for this sort of funding for technical cooperation activities, commensurate and consistent with the programme priorities as identified in the São Paulo Consensus, cannot be overstated.

78. UNCTAD has not fully exploited the opportunities available through bilateral country programmes, primarily owing to its lack of field presence. This should be overcome through a process of more systematic and regular contacts with bilateral donors' representatives located in developing recipient countries, as well as with developing countries' counterpart agencies, in executing national development projects.

79. In addition to the traditional sources of finance, other possibilities that should be explored include other international and intergovernmental organizations, the private sector, regional development banks, non-governmental organizations, etc.

***Recommendation No. 19: UNCTAD's technical assistance should build on its technical excellence in economic policy issues. It should consolidate its 400-plus projects into four-to-five major technical cooperation programmes centred on overarching themes, with a view to maximizing impact and increasing efficiency and coherence. UNCTAD should also diversify its funding base.***

80. One means of addressing this issue could be to create an advisory body for UNCTAD technical assistance. The membership could comprise heads of development

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assistance agencies and heads of recipient agencies in developing countries (i.e. member States would be represented by capital-based experts in multilateral development assistance/recipient agencies). The advisory body would provide guidance/advice to the Secretary-General of UNCTAD in formulating institutional strategies for technical cooperation and reviewing the impact of UNCTAD's technical assistance activities. It could also be the central body for fundraising efforts, with one annual pledging conference taking place during the annual meeting of the TDB. This mechanism would ensure that fundraising is undertaken in a concerted, centralized and coordinated manner and that the technical assistance undertaken by UNCTAD is in line with the general orientation and priorities set by member States.

***Recommendation No. 20: UNCTAD should consider establishing an advisory body for technical assistance, comprising representatives of development assistance and recipient agencies, to advise the Secretary-General on formulating institutional strategies for technical cooperation and reviewing the impact of this work.***

#### ***D. Creating synergies and ensuring coherence***

81. In order to increase UNCTAD's relevance and maximize its development impact, the synergies between the organization's research and policy analysis, international consensus-building and operational activities should be further developed. All three pillars of the organization are equally important and need to stand on an equal footing.

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82. Interdivisional arrangements should be set up whereby experts from different key disciplines would be on call to respond promptly to urgent needs of developing countries (e.g. responding to financial crises and tsunamis) through a “fire-fighting” capacity or “quick response” mechanism that could react in timely fashion, in terms of both policy analysis and technical cooperation.

83. UNCTAD could consider establishing an ad hoc core strategic policy advisory team that could, for example, offer to deliver presentations for a new cabinet on trade, investment and technology issues immediately after a change of government in (small) developing countries and LDCs, as well as at times when countries are reformulating their national economic development policies and strategies. Such a team could also brief parliaments of developing countries on strategic trade and investment issues.

84. To ensure synergy among the three pillars, it is important to avoid compartmentalization within the secretariat. A central mechanism should be established for vertical and horizontal coordination and to ensure synergy both among the three pillars and the Divisions, as well as cooperation with other international organizations within and outside the UN system.

***Recommendation No. 21: UNCTAD should ensure synergy among its three pillars by strengthening its central mechanism for vertical and horizontal coordination. It could also set up multidisciplinary teams to respond effectively to the emerging needs of developing countries. And it could offer to make presentations to new government cabinets on trade, investment and technology issues immediately after a change of government.***

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## **Concluding remarks**

85. The report of the Panel focuses on how to improve the effective and efficient functioning of UNCTAD and how to strengthen its development role and impact, in the light of the Bangkok Plan of Action and the São Paulo Consensus. It is neither a holistic nor an exhaustive approach to the issues at hand. Rather, it advances a number of ideas that address the problems and challenges facing UNCTAD. It is meant to deal with strategic issues of the organization that reflect the current, changing thinking on development challenges and the new environment presented by a globalizing world. It is intended to be a forward-looking report with pragmatic proposals.

86. The report is addressed to the Secretary-General of UNCTAD. While some of its proposals fall within his purview to implement, others will require consultations with member States. Still others will be entirely up to the member States to decide, and may call for consideration by the United Nations Secretary-General in the appropriate forums.

87. In the Panel's view, any effort to revitalize UNCTAD needs to follow a participatory approach, engaging all stakeholders, at the secretariat level, the intergovernmental level and the broader level of the UN reform process. The UNCTAD Mid-term Review, the ongoing UN reform in the area of development, and the preparatory process for the next UNCTAD conference provide an impetus for revitalizing the organization.

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88. The Panel is pleased to make its contribution to enhancing UNCTAD's development role and impact. It will follow developments in this regard with great interest and would be happy to make additional contributions to UNCTAD's future work if requested to do so.

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## **Annex 1. Terms of Reference for the Panel of Eminent Persons**

### **Enhancing UNCTAD's Development Role and Impact**

UNCTAD is a unique development organization whose vision is to integrate developing countries beneficially into the global economy with a view to eradicating poverty.

The Bangkok Plan of Action adopted by UNCTAD X is the bedrock of the organization's mandate to fulfil its development mission. This mandate was confirmed and updated at UNCTAD XI in the São Paulo Consensus. As recognized in that mandate, UNCTAD is the focal point of the United Nations for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development.

In the light of this vision and mandate, the Panel of Eminent Persons established by the Secretary-General of UNCTAD is expected to advise him on how to enhance the organization's development role and impact. Specifically, the Panel will:

- Propose options for improving the three pillars of UNCTAD's work (i.e. research and policy analysis, consensus-building, and technical assistance) and their interaction, with a view to making the organization more dynamic, effective and efficient in implementing its vision and mission;
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- Identify opportunities for UNCTAD, within its areas of competence, to take a lead and make a difference in the follow-up to the 2005 World Summit; and
- Explore ways and means for UNCTAD to strengthen cooperation and create synergies with other international organizations and to enhance interaction with other development partners, including civil society and the private sector.

The Panel consists of eight independent eminent persons, knowledgeable about development issues and with international standing in the field.

The Panel is requested to submit its report to the Secretary-General of UNCTAD.

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## Annex 2. Acknowledgments

The Panel of Eminent Persons would like to express its great appreciation to the following senior aides for their substantive contributions to its work: Mr. José Estanislau do Amaral (Senior Adviser to H.E. Mr. Cardoso); Ms. Päivi Kairamo-Hella (Senior Adviser to H.E. Mrs. Halonen); Mr. Jianhua Liu (Senior Advisor to H.E. Mr. Long); Mr. Aziz Ponary Mlima and Mr. Burhani A. Mlundi (Special Advisors to H.E. Mr. Mkapa); Mr. Jon Mørland (Special Advisor to H.E. Mrs. Brundtland); Mr. Daniel Gabriel Tembe (Senior Advisor to H.E. Mr. Chissano); and Mr. Jarmo Viinanen (Head of the Cabinet of H.E. Mrs. Halonen).

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