



Civil Society Forum



CONCEPT NOTE

Date October 2021

15th session of UNCTAD under the theme *From inequality and vulnerability to prosperity for all*



Overview

UNCTAD 15 is set to take place against the backdrop of a world economy in crisis, a public health catastrophe, and a global society teetering on the brink of instability, uncertainty and confusion. Approximately 18 months ago, in the first quarter of 2020, the COVID-19-pandemic was considered a major global health challenge, the likes of which was not encountered for 100 years. Economic activity has precipitously dropped, livelihoods destroyed, businesses bankrupted and tens of millions have now been pushed into extreme poverty even as the fragility of the global food system becomes more and more exposed. (WHO, 2020).¹

World Bank analysis suggests that the pandemic has overseen the most contraction in per capita income since 1870 with developed markets expected to contract by 7 percent with the concomitant negative spill over for emerging and developing economies (World Bank, 2020).² For developing countries whose economies were already challenged, pre-COVID-19, by high debt, low GDP growth, weak foreign exchange earnings, declining sources of official development assistance, and limited options domestic resource mobilization, COVID-19 is undermining their ability to finance sustainable development, including maintaining social cohesion (OECD, 2020).³

Indeed, the advent of widespread lockdowns on either full or partial bases across countries has caused not just a temporary cessation in economic activity but a slow and painful return to some semblance of economic normalcy as the uncertainty in the trajectory of the virus' behaviour remains ever present. In the wake of this, a ripple effect of an immediate fall in GDP contraction; reduction in merchandised exports, remittances, and tourism value added have all featured

¹ <https://www.who.int/news/item/13-10-2020-impact-of-covid-19-on-people%27s-livelihoods-their-health-and-our-food-systems>

² <https://www.worldbank.org/en/news/feature/2020/06/08/the-global-economic-outlook-during-the-covid-19-pandemic-a-changed-world>

³ <http://www.oecd.org/coronavirus/policy-responses/the-impact-of-the-coronavirus-covid-19-crisis-on-development-finance-9de00b3b/>





prominently even as financial market volatility increases in response to wide spread asset depreciation, currency devaluations, and credit defaults. Further to this, 99% of all companies, in particular micro, small and medium enterprises (MSMEs), risk going into bankruptcy, leading to further increases in unemployment (OECD, 2020).

The recent contraction in international trade flows has been described as deeper than the financial crisis of 2008/2009 (UNCTAD, 2020). The disruption brought about by the health crisis has further impacted the pre-COVID-19 slowdown in world trade with expected contractions ranging from 5 percent to 27 percent as the crisis deepens. (UNCTAD, 2020).⁴ Retail e-commerce and trade in financial services and computer services bucked the trend ([WTO 2021](#), [UNCTAD 2021](#)). However, this accelerated digitalization of the global economy during the pandemic further heightens the risk of developing countries being locked in perpetuity into the low value segments of data value chains controlled by transnational platform companies from advanced artificial intelligence (AI) economies.

Globally, the international trade arena is also under immense pressure. World Trade Organization negotiations continue to remain moribund as members states move to secure their trade interest via separate bilateral and regional free trade agreements.⁵ Additionally, as several industrialized and larger developing economies such as China and India begin to emerge from the initial crisis, the demand for raw materials and other inputs into production and consumption is causing market shortages for critical commodities. The resultant problem has been a dramatic increase in prices for food and other basic needs items. And this has only been exacerbated by the increase in trade facilitation and logistic costs along the international trading value chain.

At the same time, it is recognized that while the pandemic has brought with it increasing challenges, emerging and developing economies were already facing constrained circumstances. The issues of debt, climate change, high unemployment and the need for economic and societal structural transformation dominated the development dialogue. The call by the UN Secretary General in 2019 for a decade of action to meet the Sustainable Development Goals (SDGs) was a recognition that progress on the Goals was lagging in both speed and scale⁶ (United Nations, 2020). The need for international cooperation to effectively respond to the new environment has been acknowledged (OECD, 2020).⁷ The COVID-19 situation has now seriously called into

⁴ https://unctad.org/system/files/official-document/ditcmisc2020d2_en.pdf

⁵ <https://www.cfr.org/backgrounder/whats-next-wto>

⁶ <https://www.un.org/sustainabledevelopment/decade-of-action/>

⁷ OECD Policy Response to Coronavirus in Latin America and the Caribbean: Regional socio-economic implications and policy priorities. Key Messages (<http://www.oecd.org/coronavirus/policy-responses/covid->



question whether those Goals are attainable in the original timeframe as many a developing country try to regain their footing, restore stability and even protect against the permanent erosion of long held social and economic gains.

In these circumstances, there is strong motivation, for the upcoming UNCTAD 15 Conference to be a 'game changer'. The Conference is the highest decision-making body of UNCTAD at which member states assess current trade and development issues and formulate global policy responses. It also sets the organization's work priorities for the next four years. The hosting of UNCTAD 15 in October of 2021, in a Small Island Developing State (SIDS) offers a critical opportunity to ground the discussions in the present and future realities and prospects of the most vulnerable countries and their populations. The theme of the UNCTAD Conference *From Inequality and Vulnerability to Prosperity for All* provides a platform to re-energize and refocus development efforts and commitments. It also presents a unique opportunity for member states to respond strategically by reinforcing the value of multilateralism and providing a renewed mandate for a strengthened UNCTAD.

UNCTAD is also uniquely positioned to contribute to the achievement of the plethora of ambitious global development commitments made by countries in 2015 in the Agenda 2030 for Sustainable Development, the financing for development process, and the Paris Agreement under the United Nations Framework Convention on Climate Change and the Kyoto Protocol.

Civil Society participation in UNCTAD

An important aspect of UNCTAD processes is the participation of civil society. Since its establishment by the General Assembly in 1964, UNCTAD has recognized the important role of civil society in its work. The organization has established formal and informal engagement mechanisms to facilitate civil society involvement. The Civil Society Forum builds on the strong civil society framework within UNCTAD.

The involvement of civil society in economic and social development processes, including trade policy, demands many a multi-layered approach. In most cases, there are several factors which impact on the ability of the effectiveness of the sector's engagement. At the regional and national level, the sector's engagement in trade policy, cannot be divorced from the existence of structured mechanisms which provide support for capacity building and dialogue. For the participation of civil society to be meaningful, there must be a strategic investment in strategies that engage the

[19-in-latin-america-and-the-caribbean-regional-socio-economic-implications-and-policy-priorities-93a64fde/#boxsection-d1e31](#)



sector throughout the process. Engagement of and by the sector in trade policy has been challenging. Some of the identified challenges include⁸:

- Lack of transparency in the criteria for participation;
- Preponderance of participation of commercial interest in mainstream negotiations;
- Relegation of traditional civil actors to issue specific non-primary areas;
- Lack of legal framework guaranteeing the continual right to participation; and
- Lack of capacity and mechanisms to facilitate capacity building for CSOs.

In this context, global civil society organizations are deeply concerned about the quality and space for civil society participation in these processes which has been shrinking both inside and outside of the UN system⁹ (CIVICUS, n.d). The contribution of civil society to the UNCTAD process through the hosting of the civil society forum and the mainstreaming of civil society participation in the Conference proceedings can signal the continued commitment to the essential inclusion of civil society voices in the multi-lateral space. Given the current socio-economic context, the social and economic justice perspective of civil society will provide rigor to the analysis of the existing factors that constrain economic transformation and imperil transformative development.

Civil society contributions have helped to deepen the development and trade discourse offering counter-narratives that have been important for some developing countries in particular as they examine policy options. Previous UNCTAD conferences have seen wide and diverse participation from civil society which has provided for multi-dimensional perspectives and focused critique. For civil society, UNCTAD offers a significant multilateral space for alternative narratives and debates not commonly offered in other multilateral processes. While COVID-19 has drastically challenged civil society organizing, the sector is demonstrating that it stands ready to capitalize on the opportunity that UNCTAD 15 represents.

The civil society forum has traditionally called attention to the need for structural transformation and the importance of a strengthened UNCTAD. Given that this will be the first forum that will be held in a SIDS, the imperative to ensure participation from the South is critical.

⁸ Adapted from Ewart (2009), The role of civil society in shaping trade policy

⁹ <http://www.civicus.org/images/CivilSocietyEngagementWithUN.pdf>



Background

The UNCTAD space

The United Nations Conference on Trade and Development (UNCTAD) was first convened in Geneva in 1964, largely at the urging of developing countries which were concerned about their place in international trade and the need for a forum dedicated to responding to these concerns. Thereafter, the Conference was institutionalized to meet every four years, with intergovernmental bodies meeting between sessions and a permanent secretariat created to provide support. The organization's goal is to: "maximize the trade, investment and development opportunities of developing countries and assist them in their efforts to integrate into the world economy on an equitable basis". UNCTAD's was essentially mandated to "narrow the gap between the rich and the poor nations" reflected a decolonization promise. Developing countries wanted an institution that would be their own "poor man's club".

The First Session of UNCTAD also witnessed the birth of the Group of 77 (G77), which was formally established at the end of the Conference, on June 15, 1964, by seventy-seven developing countries. Today the G77 has 135 members and chapters in the major negotiating theatres of the United Nations system.

In the early decades, UNCTAD gained authoritative standing as an intergovernmental forum for North-South negotiations and dialogue, including on the New International Economic Order, and for its research and policy advice on development issues. It was responsible for launching agreements such as the Generalized System of Preferences (1968) aimed at providing greater access for developing countries to developed country markets, and was instrumental in setting 0.7% of GDP as the target for official development assistance (ODA) from developed countries to the poorest countries. In this regard, UNCTAD contributed to the formal identification in 1971 of the Group of Least Developed Countries (LDCs) and became the focal point within the UN system for tackling their economic development challenges.

The 15th session of UNCTAD comes at an important juncture in the international trade and development arena marked by continued malaise in the WTO, and the growth of bilateral and regional trade agreements.

The context of COVID-19- forces a new layer of challenges globally. For developing countries, the pandemic compounds already constrained circumstances in an international environment that is resistant to the calls of developing countries for differential treatment and lacks accountability for failure by developed countries to live up to financing commitments. The apparent reluctance to revisit the existing global economic trading and development regime in support of a more



equitable system for developing countries and SIDS, has served to further limit the potential of many countries to achieve sustainable economic development.

The context of the SIDS agenda within UNCTAD

Participation in the international trade arena presents both opportunities and challenges for the Small Island Developing States (SIDS). Integration in matters of trade at the global and regional level provides SIDS with opportunities for economic expansion and cooperation to meet identified national imperatives. At the same time, the inherent challenges of SIDS integration into these spaces, including small market size, limited economic influence and volatility, make full integration problematic. This is especially acute, where there is a failure to acknowledge the issue of vulnerability and the need for differential treatment.

Creating space for dialogue and building consensus at the global level are therefore critical for SIDS. Fora such as the United Nations Conference on Trade and Development (UNCTAD) provide a platform for relatively smaller countries to highlight important concerns and call attention to their special situation. In its third and fourth sessions in 1972 and 1976, UNCTAD was the first UN body to recognize and call attention to the particular challenges facing SIDS, and mount a call to action for an international response. Its work in support of the Samoa Pathway is also notable. According to UNCTAD, it has been at the forefront of advocating on SIDS issues, supporting resilience building and identifying strategic interventions. (UNCTAD, 2017).

Structure and organization – UNCTAD 15

The Meetings

UNCTAD15 will be held virtually in Barbados over the period 3 to 7 October 2021. The buildup to the Conference will see a series of Ministerial meetings and negotiating sessions, as well as a number of pre-conference meetings, fora and side events, such as

Global Commodities Forum	13 to 15 September
Youth Forum	16 to 18 September
Civil Society Forum	22 to 24 September
Gender and Development Forum	26 to 28 September
Creative Industries and Trade Digitization	29 September to 1 October

While civil society participants have their own forum they are also mainstreamed into the Conference.

Background

Civil Society Forum objectives and outputs



Objectives

- To facilitate robust and substantive dialogue amongst civil society, Member States and United Nations institutions that advances concrete recommendations on the thematic areas identified
- To facilitate an inclusive space which is representative of the diversity of civil society which contributes to a comprehensive agenda for action
- To advance a clear set of actionable proposals which builds upon previous civil society declarations and is reflective of the current and future context of trade and development concerns
- To agree on future actions to accelerate progress and monitor the implementation of agreed actions
- To identify specific challenges and concerns of Small Island Developing States and countries of the Global South that impact the achievement of sustainable development

Expected outputs

- 1) A comprehensive civil society declaration that proposes actionable recommendations for the Political Declaration and the work of civil society.
- 2) An agreed civil society programme of work post-UNCTAD 15.

Thematic areas

The thematic areas emerged from a consultation held by the Caribbean Policy Development Centre (CPDC) in collaboration with African Trade Network and Regions Refocus which brought together approximately 23 representatives from CSO in Africa Asia Pacific and the Caribbean regions. Other contributions from the recently formed International Civil Society Facilitating Group (ICSFG) to facilitate greater civil society involvement in UNCTAD 15, have served to further concretize civil society's priority issues for the upcoming event.



Reaffirmation and strengthening of the original UNCTAD

Description of issue

UNCTAD has, from its inception, maintained a stance of a development-friendly economic approach to integration for developing countries. The organization provides a critical institutional framework and a unique forum for discussing the challenges of equitable development, particularly as it relates to the specific circumstances of developing countries.

Undoubtedly, the organization's work in policy analysis, consensus-building and technical cooperation has made important contributions to expanding international discourse and building the capacity of developing countries. Moreover, the organization has a unique role to play in critically analyzing the interconnecting factors including debt, trade policies, and macroeconomic and financial policies that stymie sustainable development. However, since the 1990s, UNCTAD has faced criticism from developed countries which have explicitly expressed that the organization is too sympathetic to developing countries and does not favour free-market-oriented approaches.^[2] UNCTAD's history suggests that the strength of the organization has ebbed and flowed as the contestation over the organization's role and mandate has oscillated.

Despite this criticism, developing countries and civil society have remained steadfast in their position that UNCTAD must play a pivotal in ensuring that alternative development perspectives are identified and highlighted. The Group of 77 (G77), has maintained its positions concerning the work and mandate of the UNCTAD. The G77 has vehemently spoken out against the view that UNCTAD should be linked to the work of International Financial Institutions and the World Trade Organization.

Policy objectives

- Civil society is concerned that UNCTAD should not be made to retreat from its original mandate. We believe that the current context requires a realignment to the original mandate that is strengthened to continue to set the agenda and offer alternative policy advice, particularly on questions of debt, macro-economic structural transformation, investment policy and climate change adaptation that are in line with agreed developmental objectives.
- The civil society forum intends to reiterate calls for UNCTAD to take an active role in monitoring the implementation of relevant processes that directly relate to its work portfolio including work on debt, responsible borrowing and lending, and Official Development Assistance flows, amongst others. Civil society believes that there is a



need for a clear commitment and institutional processes to support monitoring and reporting on the various initiatives.

- While UNCTAD is being urged to strengthen its role in this area, civil society is also committed to establishing mechanisms for follow-up work and actions post UNCTAD XV to support efforts at enhancing accountability. One of the outcomes that the civil society forum will be pursuing is consensus on a road map for work related to UNCTAD activities as well as a strengthened internal civil society institutional framework that facilitates ongoing civil society dialogue and sharing of information.
- Civil society urges UNCTAD to dive deeper in supporting issues surrounding trade and the feminist agenda. Trade policies which have been developed with a gender perspective in mind can be impactful in reducing gender inequalities. Gender equality needs to be robustly integrated into trade and development agreements and appropriate gender-based data collected, to inform the sharing of best practices and formulating mainstreaming policies within trade agreements. UNCTAD must enable developing countries and SIDS to embrace their own digital industrialization pathways, regulate Big Tech, promote access to decent work for all and empower workers, especially women, in developing countries to move into higher value segments of the global economy.
- UNCTAD's role to support digital industrialization in the South must create systemic capabilities. In addition to capacity building, civil society urges UNCTAD to carve out a technical assistance programme for domestic digital infrastructure development and to strengthen domestic data capabilities so that developing countries can participate in the emerging global digital economy on equal terms. Enabling South-South cooperation in digital industrial policy development should be yet another priority area. A new UNCTAD intergovernmental working group on trade and data sovereignty should be constituted to evolve a rule-based digital economy.

Climate justice and sustainability

Description of issue

In 2019, 12 of the 15 countries with the highest vulnerability to natural hazards were LDCs, Landlocked Developing Countries (LLDCs) and SIDS. The difficulties that all countries face in effectively coping with climate change impacts are amplified in SIDS because of their small geographical area, isolation and exposure.^[1] These vulnerabilities added to an overdependence on tourism and unsustainable debt burdens are but a few of SIDS's challenges. Hurricanes and extreme weather with increased flooding or prolonged periods of drought annually have damaged domestic agriculture and threatened food security and employment in the sector. It has also



resulted in many SIDS rural districts not being able to access clean and consistently flowing potable water supplies as groundwater aquifers continue to dry up. Moreover, global warming and sea level rise, inter alia, have led to reef bleaching, coastal erosion and mangrove degradation.^[2]

History has shown that humans have been drawn to coastal areas to benefit from the bounty of the sea. An estimated 40 per cent of the world's population now lives within 100 kilometers of the shoreline (Martínez, et al., 2007)¹⁰ and as the population grows there is an increasing reliance and impact on the ocean and coast. Additionally, two thirds of the world's megacities are on the coast.

Marine ecosystem services have substantial economic value. The exact figures of marine ecosystem services are still debated, however, estimate the value have found such values to be in the vicinity of trillions of US dollars annually (Costanza, et al., 1997).¹¹ Nearly three-quarters of this value resides in coastal zones upon which many SIDS are dependent. These ecosystem services offer a renewable opportunity to meet basic human needs, support a sustainable economy, and provide jobs for a growing global population.

Climate justice and human rights are intertwined and based upon the concept of equity, "to ensure that other groups have equal opportunities to develop, within a framework of mutual efforts to slow the pace of climate change."¹² The fact that the jurisdictions with the lowest levels of emissions and development will suffer some of the most severe consequences of climate change must be rectified.

While the COVID-19 pandemic has taken priority, estimates indicate that carbon emissions are quickly returning to pre-COVID-19 levels, and greenhouse gas concentrations have reached new record highs.^[3] Ironically, SIDS emit an insignificant amount of greenhouse gases, however, they face a "disproportionately high level of impact from climate change."^[4] The associated development challenges from sea-level rise, altered rainfall patterns, and storm surges threaten to reverse progress to achieve sustainable development.^[5] For SIDS, the blue and green economies are interrelated aspects of adaptation strategies particularly as global tourism becomes increasingly (volatile and in some cases) less sustainable. Moreover, the blue economy is also essential to the economic sustainability of many SIDS, particularly in the Caribbean and Pacific Island states. The Fisheries and aquaculture sectors play critical roles linked to economic growth, poverty reduction and food security yet still in many countries, the fisheries sector is under-capitalized and/or being exploited by multinational enterprises.

¹⁰ Green Economy in a Blue World. UNEP. Pg 10.

¹¹ Green Economy in a Blue World, Pg 10

¹² Climate Justice for a Changing Planet: A Primer for Policymakers and NGOs. Pg Xii.
https://unctad.org/system/files/official-document/ngls20092_en.pdf



Policy objectives

- Civil society is seeking to prioritize resilience-building initiatives, adaption strategies and adequate financing mechanisms to support SIDS and developing countries as they prepare for, mitigate and recover from increased incidences of natural disasters. These disasters have resulted in the loss of life, damage to coastal, urban infrastructure and food security. A coordinated response can only be achieved with the requisite global political consensus to pursue innovative initiatives to foster an environment characterized by climate-friendly policies for those vulnerable developing nations impacted by climate change.
- Civil society believes that a Just Recovery from the pandemic is needed; one that places people and the environment over profits. COVID-19 has presented the opportunity to rethink how we wish to redevelop after the notable adverse impacts of the pandemic. The civil society sector believes that critical analysis and technical support is necessary to elevate and sustain emerging efforts in developing countries towards sustainable green growth and blue economy development policies. The international community should prioritize the formulation and implementation of policies to aid sustainable development in developing nations. This support should entail a supportive enabling policy environment as well as technical and financial assistance to SIDS and developing countries given the high economic, social and environmental costs to these countries impacted by the growing adverse effects of climate change on their way of life. Promoting greening policies has the added benefit of fostering sustainable economic development models within developing nations, which all share in the experience of fallout from a pandemic that has resulted in harsh reductions in economic activity, increased joblessness and poverty.
- Civil society acknowledges and supports the work of the Commonwealth Secretariat in its creation of a vulnerability index of states and calls for its integration into the framework that informs the work programme of international financial institutions (IFIs) and other developmental organisations. The global adoption of a vulnerability index would place the priorities of vulnerable developing nations squarely on the international development agenda, increasing the likelihood of policies, programmes and resources being made available to tackle these pressing issues. It is anticipated that this approach would also lead to more significant synergies and congruence within international organisations' programmes that focus on climate action.



Debt and Development

Description of issue

Civil society is concerned by the rising external debt burdens that continue to absorb a growing share of developing countries' resources. The ratio of total external debt to exports rose to 111 percent for all developing countries, up from 105 percent in 2018 and back to levels last experienced in 2003. Similarly, debt service burdens continued their upward trend: in 2019, developing countries spent 14.6 percent of their export revenues to meet external debt obligations, up from 7.8 percent in 2011, the lowest point in the period of observation.

Concerning government revenues, the average trend has been more modest but persistently upward, rising from its lowest point of 2.7 percent of government revenues spent on the costs of servicing long-term public and publicly guaranteed external debt in 2012 to 4.7 percent in 2019. Unfortunately, the reality is that in many developing countries more than 25% of government revenues are absorbed by the service of public and publicly guaranteed debt including oil-exporting-countries affected by the recent collapse in oil prices, and middle-income developing countries with high debt burdens.^[1]

At the onset of the pandemic, the overall vulnerability of low-income developing countries with regard to their external debt sustainability was reflected in rising debt servicing costs before the COVID-19 crisis. The costs of servicing their external debt, as a share of their export revenues, reached 10.1 percent in 2019, a level only marginally surpassed at the height of the debt crises of the 1990s and early 2000s and almost triple that of the 3.4 percent recorded in 2012.^[2]¹³

The pandemic has exacerbated the existing situation of high indebtedness significantly, as many countries have been forced to retreat to the debt markets to maintain their healthcare services and social safety nets, in the face of precious declines in economic output and revenues. The World Bank notes that "Public debt in emerging markets has surged to levels not seen in 50 years, and many developing countries have increasingly taken on debt on non-concessional terms—from private lenders and non-Paris Club members."¹⁴ And further, The Bank states that it has committed a record 156 billion dollars to developing countries over the period April 2020 to June 2021. This signifies the monumental impact and potential dislocation for developing countries given the uncertainty of future growth as the impact of the pandemic are still being felt.

¹³ https://unctad.org/system/files/official-document/a75d281_en.pdf

¹⁴ <https://www.worldbank.org/en/news/factsheet/2020/05/11/debt-relief-and-covid-19-coronavirus>



The United Nations Economic Commission for the Caribbean and Latin America (UNECLAC) highlights that Caribbean economies have the highest debt ratios in the world, averaging 68.5 percent of GDP in 2019 and that SIDS, as a group, are among the most indebted class of countries in the world. Notwithstanding, the world's long experience with sovereign debt problems over the last half-century, that of SIDS presents a peculiar difficulty because of the particular characteristics these countries occupy. SIDS endure higher vulnerability to external economic shocks because of their narrow production structures, high export concentration, and susceptibility to natural disasters due to their precarious geographies. (King, 2014).

Similar to the SIDS, the challenge for many developing nations arises out of the inability to service their debt obligations and often are required to make the unpleasant choices to cut beneficial social and developmental programmes in support of debt payments to International Financial Institutions and private sector lenders. The debt challenge in the developing world is not only principally driven by policy missteps, but for many developing nations, it reflects structural weaknesses and vulnerabilities and the inability to respond in a sustained and multifaceted way to the economic and cyclical climate change impacts.

Base erosion and profit shifting by technology firms seriously undermines the fiscal capacity of developing countries. With the exponential growth of ecommerce and the increasing share of digital products and services in global trade, the moratorium on customs duties on electronic transmissions is an anachronistic measure that needs to be revisited. Without digital taxation reform the fiscal base of developing countries will see a rapid erosion, with cascading impacts for public and care infrastructure investments.

Recent estimates of international aid flows suggest that only a small fraction of ODA is explicitly addressing the development implications of digital transformations (UNCTAD, 2019). The AI race has already left developing countries behind in the laissez faire global regime of free data flows. Playing catch-up is not an option when data resources are enclosed by lead firms of a few countries.

Policy objectives

- In light of these and other deep structural/systemic challenges facing SIDS and other developing countries, Civil Society Organizations across the Global South in partnership with their Northern Counterparts seek to place the urgent need for debt and international financial architecture reform on the table for critical examination and action to halt the impending economic and social collapse in developing country economies post-COVID-19 as governments struggle to service old and new debt, meet the national development objectives of their populations including eliminating poverty and inequality and achieve sustainable growth and livelihoods.



- Civil Society seeks more credible inclusive, democratic, and adaptable measures for determining which countries should and how the spectrum of countries can access debt relief, concessional financing and official development assistance in order to create the necessary fiscal space to allow for the attainment of the UN SDGs and the Development Agenda. This must include the establishment and operationalization of a new Multi-dimensional **Development Vulnerability Index** that uses not only quantitative but also qualitative criteria into context when determining who should access assistance.
- There is a need for a Post-COVID-19 **Debt Relief Initiative** that allows LDCs, SIDS and other qualifying developing countries to have COVID-19 public health related debt granted immediate debt relief to permit economies to tackle the threat of significant increases in poverty levels and inequalities within developing countries.
- Developing a Global South Mechanism to determine the how and on what savings from any debt will be spent with special attention being placed on infrastructural development, health care, education, climate change adaptation and mitigation, poverty reduction, gender equality and youth development. A mechanism that includes civil society actors at all levels including grassroots organizations and is driven transparently by national objectives.
- To properly systematize and make permanent the gains from the above actions, there needs to be an immediate overhaul of the international financial system and its architecture that is currently heavily stacked against the interests of developing countries and which leads to the heavy incurrence of debt. This should include not only an expanded Common Framework on Debt but a **NEW DEAL ON DEBT FRAMEWORK** to respond to the needs of small and vulnerable developing countries. The initiative for debt justice must as a matter of urgency include comprehensive IFI reforms, feature more ambitious SDR recommissioning and allocations to allow developing countries adequate finance to not only fight the COVID-19 pandemic but to build back better for future generations.
- A UN Tax Convention that addresses tax avoidance by digital companies is urgently needed. Digital taxation is vital for the fiscal revenue base of developing countries and their social and care infrastructure.
- Renewed commitments to enhance ODA to support the development of autonomous connectivity, platform, data, and AI infrastructures in developing countries is vital.



Technology transfer, digitalization and the way forward

Description of issue

The SAMOA Pathway Paragraph 47 states that “SIDS identify technology transfer as an indispensable element of their sustainable development.”¹⁵ Technology has proven to be one of the major platforms for growth and development over the past decade. However, most developing countries have failed to benefit from the technological boom across practically every economic sphere in developed countries. The right to development for developing countries will “entail a sea of change in present performance trends in mitigation. Adaption and the transfer of finance and technology.”¹⁶

Small medium sized developing economies have struggled to manifest robust economic activity and growth over the last decade and have notably lagged the developed economies in the use of technology as a driver of economic growth. Economic policies that induce growth in the information technology sectors have been lacking or have not been appropriate for the vast majority of developing states including SIDS due to a lack of technical expertise and/or the high cost of research and development to produce such important software and applications.

Beyond the desire and need of developing countries to use technology and technological transfer to aid in economic transformation, developing countries should aim to take advantage of the fourth industrial revolution, through the information age to drive economic growth and development and strengthen their place in the global economic value chain.

The intensification of digitalization post-Covid indicates a shift that is here to stay – with transnational platform behemoths firmly taking control of global value chains. We are witnessing not just the expansion of e-commerce marketplaces. Rather, the platform model signals a deep transformation of production relations as data power becomes a proxy for market power. Without appropriate rules for the emerging digital context, the international trade regime based on the *de facto* flow of data from developing to developed countries is reinforcing and deepening economic inequalities among countries.

While skill development and infrastructure are essential to the integration of developing countries into the digital economy, ensuring that developmental benefits are derived from digitalization calls

¹⁵ (Montes, Manuel. The Right to Development, Small Island Developing States and the SAMOA Pathway Policy Brief 25. May 2016. https://www.southcentre.int/wp-content/uploads/2016/05/PB25_Right-to-development-and-SAMOA-pathway_EN.pdf

¹⁶ (Montes, Manuel. The Right to Development, Small Island Developing States and the SAMOA Pathway Policy Brief 25. May 2016. https://www.southcentre.int/wp-content/uploads/2016/05/PB25_Right-to-development-and-SAMOA-pathway_EN.pdf



for a deeper strategy with a wider range of policy measures. A major policy challenge for the Global South is that of “adopting competition and regulatory frameworks to address potential adverse effects on market structure, innovation and the distribution of gains from digitalization.”¹⁷ Additionally, the cocktail of network effects and rent-seeking behaviour which characterize the digitization of data that transcend borders, must also be closely monitored and carefully managed. Accordingly, “developing countries will need to preserve, and possibly expand, their available policy space to effectively manage integration into the global digital economy.”¹⁸

In the digitalizing global economy, technological sovereignty for building platform, data and AI infrastructures is the precondition for domestic productive capacity and value generation. Moving away from the extractive data paradigm, a new digital economy based on redistributive justice is urgently needed. Not only does this mean effective and democratic governance of the digital paradigm that includes regulation to rein in Big Tech corporations, but also a reimagining of the platform model to catalyze economic self-determination so that innovation and equity are two sides of the same coin.

Policy objective

- Technology transfer continues to be an issue of high priority in negotiations between developed and developing countries specifically as it relates to trade liberalization and climate change.¹⁹ In light of this, Civil Society is seeking investment from UNCTAD in global digital cooperation to build technological sovereignty and autonomous digital capability for countries of the South to participate and benefit from the rapidly growing digital economy. Renewed commitments to enhance ODA to support the development of autonomous connectivity, platform, data, and AI infrastructures in developing countries is vital.
- Civil society supports the importance and the need for the integration of priority areas²⁰ highlighted for SIDS in the Samoa Pathway. These are:

¹⁷ UNCTAD Trade and Development Report 2018 Chapter III. Pg 69
https://unctad.org/system/files/official-document/tdr2018ch3_en.pdf

¹⁸ UNCTAD Trade and Development Report. Pg 69

¹⁹ Bennett, David & Vaidya, Kirit. (2002). Innovative Technology Transfer Framework Linked to Trade for UNIDO Action.

²⁰ Kumarsingh, Kishan. Case Studies of Technology Transfer Projects and Partnerships A Small Island Perspective.
<https://unfccc.int/sites/default/files/kumarsingh.pdf>



1. Building transfer of environmental technology mechanisms that reduce vulnerabilities and increase natural resilience in the coastal and marine environments
 2. Developing appropriate frameworks for SIDS to address linkages between availability of water resources, food security and health care.
 3. Adoption technologies related to energy production, consumption and overall conservation given that most SIDS are net importers of energy.
 4. Diversification of sectors through the injection of technologies to move away from the dependence on single industries for revenue.
 5. Institutional strengthening, training and education. Additionally, technology and capacity needs assessment and the enhancement of human infrastructure are critical to these efforts.
- UNCTAD must enable developing countries and SIDS to embrace their own digital industrialization pathways, support the regulation of Big Tech, promote access to decent work for all and empower workers, especially women, in developing countries to move into higher value segments of the global economy.
 - UNCTAD's role to support digital industrialization in the South must create systemic capabilities. In addition to capacity building, UNCTAD should aim to carve out a technical assistance programme for domestic digital infrastructure development and to strengthen domestic data capabilities so that developing countries can participate in the emerging global digital economy on equal terms. Enabling South-South cooperation in digital industrial policy development should be yet another priority area.
 - Civil Society supports the creation of an intergovernmental working group on trade and data sovereignty to as a catalyst for a rule-based digital economy.



International trade agreements and effective integration

Description of issue

In the Declaration of Civil Society to the Fourteenth Session of UNCTAD, it was expressed that Trade and Investment Agreements do not offer sufficient support to developing countries. The document suggests that UNCTAD 'must receive a strengthened mandate to ensure that the trading system enhances the integration of developing countries.' (Para. 19). It states further that UNCTAD should commit to "a review of proposed and existing trade agreements with a view to promoting, sustainable industrialization and equitable transitions to a low-carbon economy, reversing the reductions of labour's share of income, supporting the implementation of agreements regarding the least developed countries and strengthening the negotiating capacity of developing countries in trade negotiations." (Para. 19)

After more than 40 years of multilateral trade liberalization it is clear that the promised transformation and growth of developing country economies has not occurred. Developing countries continue to suffer from low growth, high debt, and massive trade imbalances with their industrialized partners. In this context civil society believes that the time has come for a complete review and overhaul of the multilateral trading system so as to create a fairer and more flexible trading system that opens industrialized country markets to developing country exports of goods and services, while offering realistic protections against invasive market access from more accomplished industrial country producers in to developing countries which are known to cause massive loss of jobs, balance of payments crises and stunted growth and development.

With specific focus on digitalization, trade agreements in ecommerce have become an extractive route whereby the raw material of data is taken away from developing countries by Big Tech firms. This hollows out the productive capacities of local economies, preventing developing countries from moving into the higher value segments of the global digital economy, leaving them with the real risk of deindustrialization.

Further, conditionalities in trade agreements prevent developing countries from forging their own digital industrialization pathways. Trade deals also restrict policy room to seek local control over vital digital infrastructure.

Development in the twenty first century hinges on digital sovereignty and the ability of developing countries to maximize the public and social value of data and AI.



Policy objectives

- Civil Society calls for an immediate upgrade and strengthening of the special and differential treatment provisions in the WTO Agreements that would offer realistic and workable measures to promote a genuinely asymmetrical trading system across all of the disciplines. This in essence will require a further expansion and deepening of special and differential trade rules with carve outs for SVDS and LDCs that give effective policy space to deviate from standard trade rules in such manner as to allow for national development objectives to be met consistent with the UN SDGs.
- In keeping with the stated desire of the WTO to offer real assistance to developing countries to assimilate the trading system and rules, developing countries, (particularly S&VDC and LDCs), a special Trade Rules Assimilation and implementation Fund should be established to provide financial and other assistance to these countries in managing the process of liberalization of markets, and to promote greater South-South trade in an effort to push economic growth and development. This Fund could be financed by a contribution by WTO members of an agreed small percentage of their total value of world trade and investment.
- In light of the devastation caused by the global COVID-19-19 Pandemic on many developing country economies, especially those known to have very high export concentration in one of two sectors/commodities, there should be a comprehensive re-evaluation of all global and regional trade agreements between developed and developing countries to ascertain areas where current commitments for liberalizing market access should be suspended. These commitments should then re-designed and where necessary cancelled altogether where it can be empirically shown that they are inconsistent with the efforts of to restore and maintain economic stability in developing economies. In this way developing countries will not only build new, and strengthen existing productive capacity within national borders, but through regional economic integration processes be able to expand markets in both real economy and financial terms. This will serve as a stronger platform for advancing and concretizing South-South trade, finance, investment and productive integration while lessening dependency on extra-regional industrialized markets for exports and investment.
- Trade agreements must not undermine the policy space of developing countries to construct their own digital industrialization pathways or enforce obligations for



source code sharing /disclosure on transnational platform firms operating digital infrastructure.

- Civil society recognizes the strong case that exists for having well-established global tax regulations in place to ensure that countries do not, knowingly or unwittingly, provide a safe haven for bad actors and their nefarious activities. Similarly, civil society also recognizes that there is much value in ensuring that both corporations and wealthy individuals pay their fair share of taxes not only in their countries of origin but equally in any other jurisdictions in which they may domicile. This must be done to ensure that all countries receive the necessary revenues to invest in their development objectives. CSOs, particularly within SIDS, are in full agreement with any moves to ensure that a high level of transparency and regulation exists within all jurisdictions. However, small and vulnerable countries are also mindful that if this strategy is left unchecked, larger countries may seek to create and imposed standards on the former which can be, at times, unreasonable, costly to implement, and unbalanced in applications. As such, Caribbean CSOs have been calling on global tax regulators to open up the process of standard and rate-setting to more inclusive and democratic regarding the types of policies and regulations being pursued. Small states have not been included in substantive ways in the policy making process although those states have been significantly negatively affected by adverse ratings by regulatory bodies. These states have not only lose significant value in their off-shore financial sectors but equally had to expend more and more scarce resources trying to keep pace with the ever-changing process of tax regulation. Consequently, small nations have had little recourse but to increase their debt levels and/or cut important development programmes that hinder their ability to achieve the SDGs. Accordingly, CSOs from SIDS call on UNCTAD to play a central role in helping its developing country members better cope with and respond to these processes as they unfold. UNCTAD XV is deemed to be an ideal event at which the initiation of genuine dialogue on the subject of international tax regulation and policy setting can be undertaken with a view to producing more open and transparent approaches to this very important matter.

Conclusion

The Civil Society Forum of the upcoming UNCTAD XV looks forward to the opportunity to contribute to a dialogue focused on analyzing and addressing the requirements for structural transformation of economic and trade relations. It is clear that the current context requires new ways of addressing traditional challenges and confronting the uncertain future. A review of



previous civil society participation in UNCTAD processes will show that civil society has always made a critical contribution to the delivery of a successful Conference.

In this moment, the focus of the sector is to push the barometer for change and progress even further. We have no doubt that doing so will challenge entrenched economic and financial norms that have supported the imbalance of power and access to resources. We are however, firm in our conviction that the Challenges are too pressing and urgent for us to miss this important moment to signal a call for deeper and more robust transformation.

This document has been prepared by the UNCTAD 15 International Civil Society Facilitation Committee, led by the Caribbean Policy Development Centre, CPDC, the UNCTAD 15 host country Civil Society Organization.