

Sixtieth Session of the Trade and Development Board
Geneva, 16-27 September 2013

Opening Plenary Session

Statement by the Secretary-General of UNCTAD

AS PREPARED FOR DELIVERY

Your Excellency, Mr. Al-Kuwari,
Your Excellency, Mr. Tileuberdi,
Your Excellency, Mr. Wibowo,
Distinguished delegates,
Ladies and Gentlemen,

It is a great honour and a privilege for me to open this sixtieth session of the Trade and Development Board, and to address member States for the first time since my appointment as Secretary-General of UNCTAD. Allow me to begin by expressing my gratitude to the UNCTAD membership for the confidence and trust you have placed in me. I would also like to thank my predecessor, Dr. Supachai Panitchpakdi, for his stewardship of the organization during the past eight years, and for his support during the transition. With your indulgence, I will use this occasion not to provide a detailed introduction of the items on the Board's agenda, but rather to offer some of my initial thinking on UNCTAD and what I hope to achieve during my tenure. I will say more about the substance of our deliberations in the coming days.

Ladies and Gentlemen,

I come to UNCTAD as a longstanding admirer of the organization and its mission. Throughout my career in trade policy, I have been able to follow its work from different vantage points. As Trade Minister, I led my country's delegation to

the UNCTAD XI conference in Sao Paulo, Brazil. I also greatly appreciated UNCTAD's expertise and technical assistance on trade negotiations and regional integration issues, during my role as a negotiator in WTO, but also in the negotiations for EPAs, in COMESA and in the African Union. As a Fellow of the Brookings Institution and Chief Executive of the Kenya Institute of Governance, I was an avid follower of UNCTAD's research and analysis on a broad range of development issues, which I found both extremely pertinent and innovative. In fact, it was surprising to me that this work was not known to a greater number of my colleagues.

Today, five years after the great financial crisis, the world economy is still far from recovery. The slow pace of global growth is continuing to hinder prospects of developing countries across the globe. At the same time, a global debate is raging over what kind of policies are needed to jump start the world economy. While some advocate for prudent fiscal policies to consolidate State finances and rebuild investors' confidence, others argue that instead what is needed is a fiscal expansion and greater transfer payments to support consumer demand. Both policies have significant spillover effects and can pose a prisoner's dilemma for global policymakers. UNCTAD has already made significant intellectual contributions to this debate.

The global financial crisis has also shaken many of the intellectual foundations of development economics. Most prominently, the belief that liberalized financial markets would provide developing countries with access to cheap finance, which would allow them to support long-term development projects, and smooth business cycles. Instead, we have learned that deregulated financial markets are inherently unstable, generating booms and inevitable crises. Thus,

much of the development advice that in the past was given to developing countries will now have to be rethought. Once again, an organization like UNCTAD, with its proud heritage of development research and innovative thinking, can be a key resource.

We are also witnessing a profound transformation of the global economic landscape, with the emergence of the global South. The last two decades have seen many developing countries make important strides. The share of developing countries in world output increased from 18 to 34 per cent, and in world merchandise exports, from 24 per cent to 43 per cent. Indeed, today, many of them are locomotives of global growth. Just last year, foreign investment flows to developing countries exceeded those to developed ones, for the first time. This shift in the balance of the world economy will have profound implications for multilateralism, economic diplomacy, and development policy. It will affect everyone – developed economies, emerging economies, and those countries that remain marginalized. UNCTAD has been at the forefront of documenting the growth in South-South trade, and analysing its implications for policymakers, who want to take advantage of this new potential. As a global body where every voice counts, it can play an important role in diffusing possible tensions, and charting a viable course in the new, more multipolar economic landscape.

In the global trade arena, negotiations in the Doha Development Round have been at a stalemate for several years, leading many countries to turn their attention away from the multilateral process towards regional or bilateral agreements - a trend that is likely to be to the detriment of developing countries and of the multilateral trading system as a whole. I am confident that UNCTAD, as a non-

negotiating forum with significant expertise in trade issues, can make a contribution to the benefit of WTO membership.

As I reflect upon these challenges of our time, I see great opportunity and promise for UNCTAD. Here we have an organization with a truly universal membership and the convening power of the United Nations, with a broad and inclusive mandate on trade and development, as well as all related aspects of development policy, with an existing secretariat composed of highly-qualified and experienced economists and development policy experts, who can draw on a body of original research and analysis and innovative policy ideas, which have been proven right more often than not. It seems to me that with these attributes, UNCTAD can be a powerful tool. And such a tool is badly needed in the current, turbulent times. Indeed if it did not exist, we would have to invent it.

Ladies and Gentlemen,

My strong belief in the need for an UNCTAD does not prevent me from recognizing that there are problems with the institution, or that we may not be making the best possible use of the tool we have been given.

For many years in the 1970s and 1980s, UNCTAD was characterized by polarizing ideological confrontations, which sometimes seemed to lose sight of the ultimate goals of consensus, and action-oriented solutions. I feel that we have learned from this experience, and that the current situation requires a different approach. Today, we face common challenges, which require collective solutions. We cannot afford to be weighed down by ideological cleavages. We have common

goals, and a shared interest in achieving them. That pragmatism will be the spirit in which I intend to engage with all member States.

I am aware that this institution has faced criticism for its management and administration. I see constructive criticism as an instrument for improving any organization. Unfortunately, sometimes criticism is presented in such a manner, or with such timing, that it puts in question the good intentions. I embark upon any assignment without any defensive or offensive interests in the recent stand off. I will personally ensure that the secretariat keeps its word to implement and report to the members all agreed reforms and improved management practices. It is my duty to ensure that the UNCTAD secretariat is efficient, cost-effective, accountable, focused and delivers with impact.

The secretariat has already taken several measures to address the concerns raised. Efforts are under way to build results-based management procedures more systematically into all secretariat operations, strengthen monitoring and evaluation, and improve outreach and communication with member States. The secretariat is further engaged in streamlining its publications programme and rationalizing its technical assistance activities. A detailed report of activities to strengthen management and administration will be presented at this meeting of the Board. I intend to follow up on these reforms and ensure that they are implemented fully. I will also initiate my own review, in close consultations with you, and propose further measures as needed.

But beyond these measures to strengthen management and administration, I also feel that we need to look at the organization more generally. We should ask ourselves whether we are making the best possible use of this valuable asset that

we have been given. And if not, how we can make better use of it? How can we ensure that it delivers to its full capacity? That its deliberations affect the global discourse? That its work makes a difference?

I think there is great scope to strengthen UNCTAD's wider impact and make its voice heard more prominently in the international arena. This is where I intend to focus my energies: to ensure that UNCTAD's work is more widely known and leads to concrete outcomes on the ground.

Achieving this will require action on a number of fronts. Most importantly, it will mean that we have to keep improving the quality of our work and make it more relevant and more focused. It also means that we have to measure our success not by the quantity of reports, but by impact where it matters most, namely at the country level. We must ensure that UNCTAD's policy recommendations and ideas emanating from its reports are translated into concrete, implementable action lines. As a former Minister of Trade, I have an idea about policy-friendly analysis. We shall intensify our work with those at the front line of the development process and improve the accessibility of our development outputs.

Not that we shall be sailing unknown waters. Some UNCTAD outputs are already providing concrete recommendations or policy advice that is targeted to specific country contexts. One such example is the Investment Policy Reviews (IPRs). The IPRs assess a country's investment framework and provide concrete policy recommendations on how to strengthen and improve it. So far, UNCTAD has completed close to 40 IPRs, covering a global spread of least developed, post-conflict, middle-income countries and transition economies. And many other countries have expressed interest. There are more than 25 requests in the pipeline.

The IPRs often create measurable impact as countries follow recommendations and reform their policy, regulatory and institutional framework for investment. Rwanda is an excellent example where one can measure the impact of the IPR. By taking the full ownership of the strategic thrust proposed in the IPR, the Government of Rwanda undertook major reforms which contributed to significantly improve the country's business environment and contributed to an eightfold increase in FDI flows over the pre-IPR period.

Similarly, this year's *Economic Development in Africa Report*, launched in July, provides interesting recommendations for policymakers to boost intra-African trade. As many of you are aware, the Heads of State of the African Union have recently adopted an action plan to boost intra-African trade, which so far lags behind other regions, including through the abolition of trade barriers. The UNCTAD report highlights the need to complement trade liberalization with measures to support the private sector, as well as regional industrial development and infrastructure projects. Pointing to the successful example of the Greater Mekong Subregion Project in South-East Asia, the report draws lessons for regional cooperation in Africa, and contains useful guidance for policymakers.

I intend to build on this and expand the direct policy dialogue and development impact from all our divisions and sections. I pledge to continue work on internal coherence and synergy to deliver on this collective challenge. And I promise to bring the results of these efforts to your capitals.

Ladies and Gentlemen,

Strengthening the relevance and impact of UNCTAD's work will also require us to have a much deeper engagement with member States. This is a member-driven organization, and indeed this is one of its core strengths. We need an effective intergovernmental machinery to guide our work and direction. After all, you are the best judges of the relevance and impact of our work. Therefore, one of my key priorities is to build a closer partnership with you.

But this is not something I can achieve by myself. I will need you. Your active engagement in UNCTAD. As its principal stakeholders, you own UNCTAD. Its successes and achievements, but also its shortcomings and failures. Its future is what you make it. With your commitment and active participation, we can build a stronger UNCTAD.

I pledge to you today that I will listen to your wishes and strive to implement them faithfully in the house. But I also ask you to renew your commitment to UNCTAD in return. I invite you to bring your delegates from capitals to our meetings. And do not just attend meetings. Take the floor. Make this your organization. Close engagement by member States, including at the highest level, is vital to UNCTAD's success.

I also want to reinforce UNCTAD's cooperation with our other stakeholders. Firstly, we need to work more closely with our key partner agencies in the United Nations system. Indeed, for UNCTAD as a non-resident agency, working with other agencies is not a choice, but a necessity. We do not have offices in developing countries that we can use to work directly with government ministries.

Because of our lack of country presence, our work is sometimes neglected in the formulation of United Nations Development Assistance Frameworks. So it is clear that we must strengthen our collaboration with sister agencies to make our voices better heard where it matters most, namely at the country level.

But the same is also true at Headquarters. Many of the discussions on key United Nations-wide processes are taking place at United Nations Headquarters in New York. If we are to maximize our input to the debates, we need to work with our partners in the Department of Economic and Social Affairs and UNDP. I intend to claim UNCTAD its rightful seat at the table where the agenda and architecture of the sustainable development goals beyond 2015 will be created and managed.

In this regard, I am much encouraged by the invitation I have received from the United Nations Secretary-General to attend the Extended Development Group Meeting in New York this Wednesday to discuss his report on advancing the United Nations development agenda beyond 2015, and participate in the Global Compact Summit this Friday as Heads of United Nations agencies engage the captains of enterprise on the role the private sector can play in Africa's new development.

But we must also reach out beyond the United Nations family. One group of stakeholders that is particularly close to my heart is civil society. Their hands-on experience of development on the ground, their effective policy advocacy, and their ability to galvanize action, make them natural partners of UNCTAD. We have already seen what a difference their active engagement can make during our

last Ministerial Conference in Doha. I am confident that together we can go much further.

Last, but by no means least, on my list of key objectives, is strengthening UNCTAD's communications. As I have mentioned earlier, I am puzzled that UNCTAD' work is not more widely known by policymakers, or discussed in the press. UNCTAD is making significant contributions to current debates, but too often it does not get credit for its work. This needs to change. I will work to raise UNCTAD's profile in global economic policy debates, and to ensure that its message is better known, and its contribution is acknowledged.

If you permit the use of the metaphor, I see my role a bit like that of a conductor of an orchestra. We have all the musical instruments, the tools at our disposal: the institutional set-up, the intergovernmental machinery, the secretariat, etc. We also have a group of musicians, all of whom are well-trained, and tried and tested, ready and able to play. And, most importantly, we have the score we are supposed to play, namely the Doha Mandate. But my role - the role of the conductor - is to ensure that we play the music from the right score and that we play it well. The most important is to ensure that all pieces to the orchestra work in harmony and do not compete against each other.

Ladies and Gentlemen,

These are some of my initial reflections on UNCTAD and what it needs to realize its full potential. However, over the coming weeks and months, my intention is to listen and to learn. I have already spent my first couple of days familiarizing myself with the work of the secretariat. I have held meeting with the

senior management, but I have also spent time walking around the offices, talking to staff.

I intend to do the same with you, the member States. I have already had the opportunity to meet with the Group of 77 and China, and with the Geneva Group last week, and I hope to organize meetings with the different regional groups in the coming weeks. I invite you to come forward to share your concerns and suggestions, and I look forward to an ongoing dialogue.

This Trade and Development Board meeting will be a first opportunity to exchange views with all of you on substantive issues, and I look forward to an enriching debate. Unfortunately, I will have to travel briefly at the end of this week, causing me to miss two days of your deliberations. The United Nations Secretary-General has asked me to attend a meeting of the United Nations Global Compact in New York, which will discuss ways of better involving the private sector in the sustainable development of Africa. However, I hope to be able to join some of your sessions by video-link.

In closing, allow me to reiterate my commitment to working with you towards our common goal. Together, we can make UNCTAD that is a more active player in ongoing debates. One whose work is known to policymakers around the globe. An organization whose research and analysis work is debated in major research circles, and makes practical contributions to current debates. And one whose intergovernmental deliberations directly relate and feed into global processes, not just at the General Assembly, but also in other international bodies, such as the WTO, the Bretton Woods Organizations, and the Group of 20.

Thank you very much.