

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Shaping the future

➤ Report of the Secretary-General of UNCTAD to the sixteenth session of the Conference

**Driving economic transformation
for equitable, inclusive and
sustainable development**





Four years ago, we gathered, primarily virtually, in Barbados, in a world shaken by the Covid-19 pandemic and a severe global recession.

The Bridgetown Covenant agreed on four transformations to harness trade, investment, finance, and technology to propel us towards achieving the Sustainable Development Goals (SDGs).

However, progress has been slow. The SDGs are off track, inequality remains high, and ongoing crises continue to undermine development.
Development must progress against the odds.

We must accelerate the four transformations in a world that is increasingly multipolar, populous, and vulnerable to the triple planetary crises, and that is transforming daily due to the blazing speed of technological change.

And as the world changes, so must we.
UNCTAD must be responsive, rapid, results-based, and relevant to ensure we support member States in shaping their future.

We can defy the odds. We can propel development.

Contents



Development
against the
odds



Four transformations



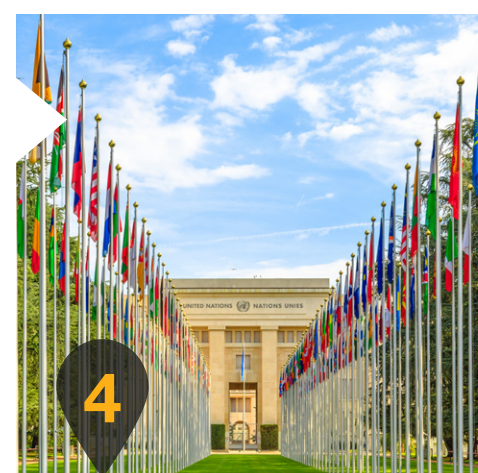
More
diversified
economies



More
sustainable,
inclusive and
resilient
economies



More
abundant
and stable
finance for
development



More
multilateralism
in a multipolar
world



16 ACTIONS FOR UNCTAD 16



Development against the odds



We are not on track to achieve our ambitions for a better world.

Only 17% of the SDG targets are on track.



Percentage of SDG targets on track.

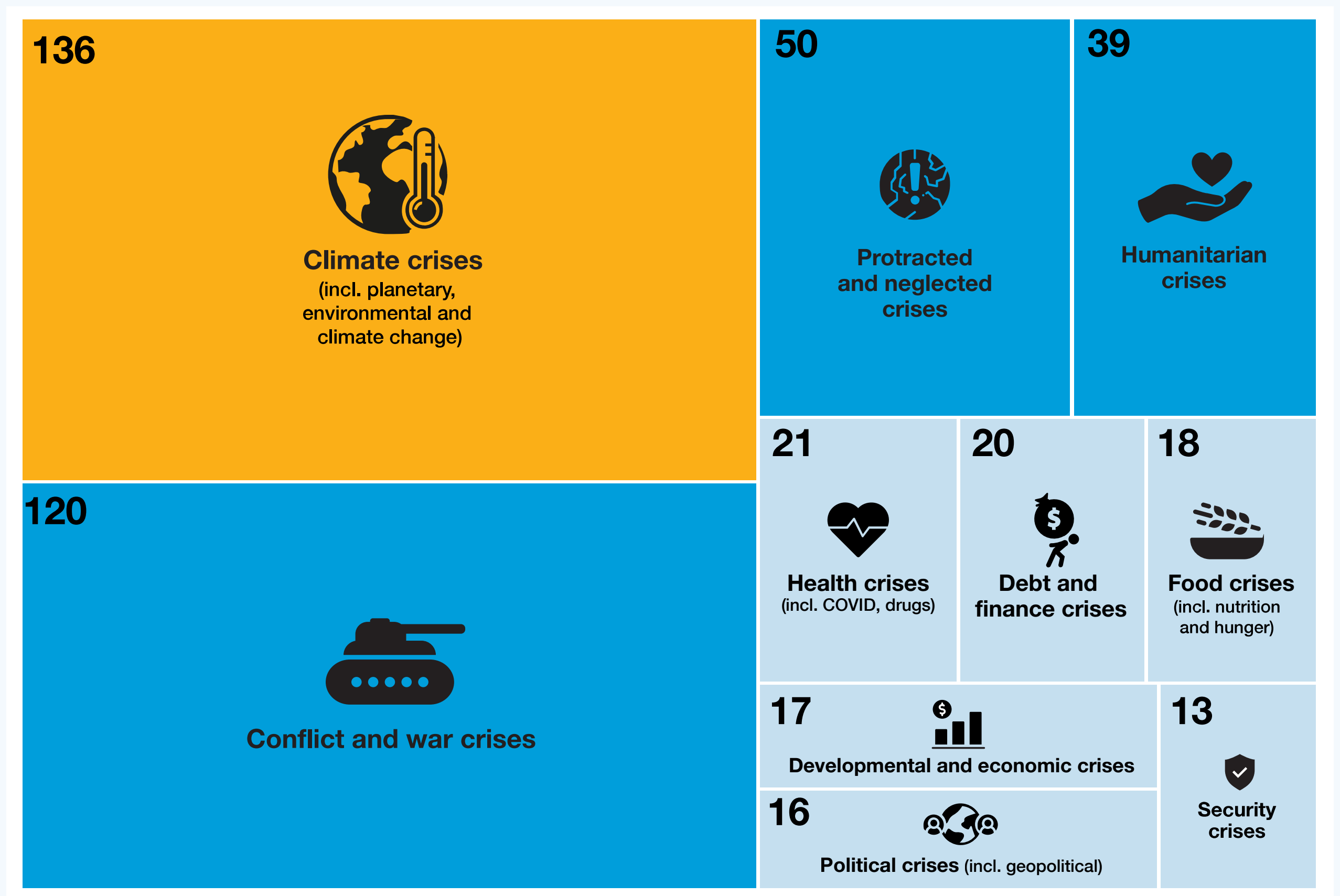


Source: The Sustainable Development Goals Report 2024 (Special Edition).



Shocks and crises keep pushing us further from our goals.

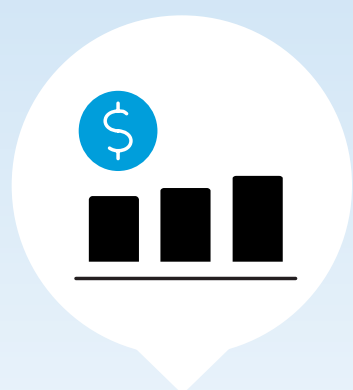
► Top 10 crises mentioned by world leaders (by number of mentions)



Source: UNCTAD Secretariat analysis based on 193 speeches of the General Debate at the 79th Session of the UN General Assembly, 24-28 and 30 September 2024.

Bleak economic prospects and high inequality cannot propel SDG achievement.

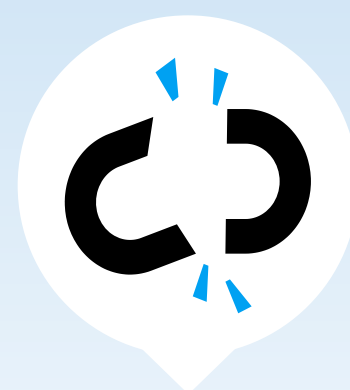
The global South is carrying a heavy burden.



Weak
economic
growth



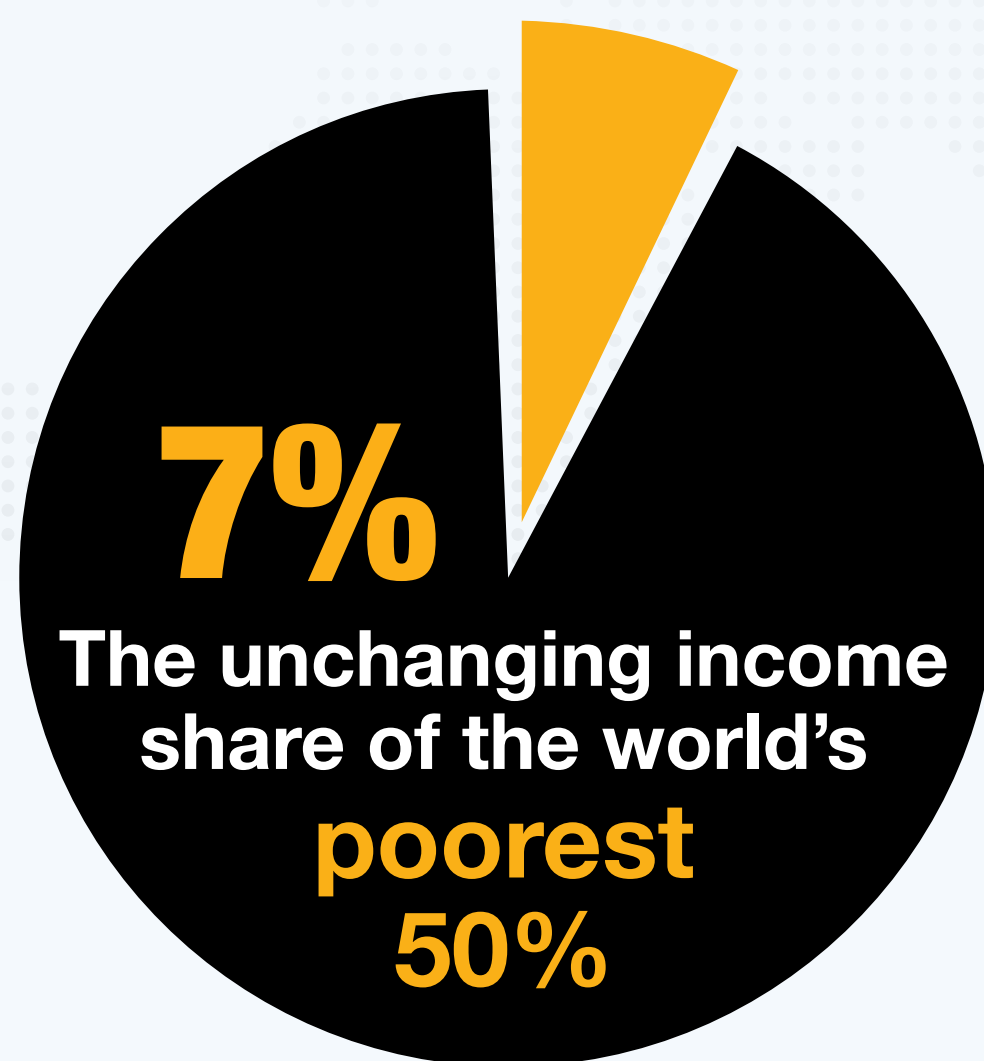
Growing
exposure to
global shocks



Risk
of trade
fragmentation



Growing
debt
levels

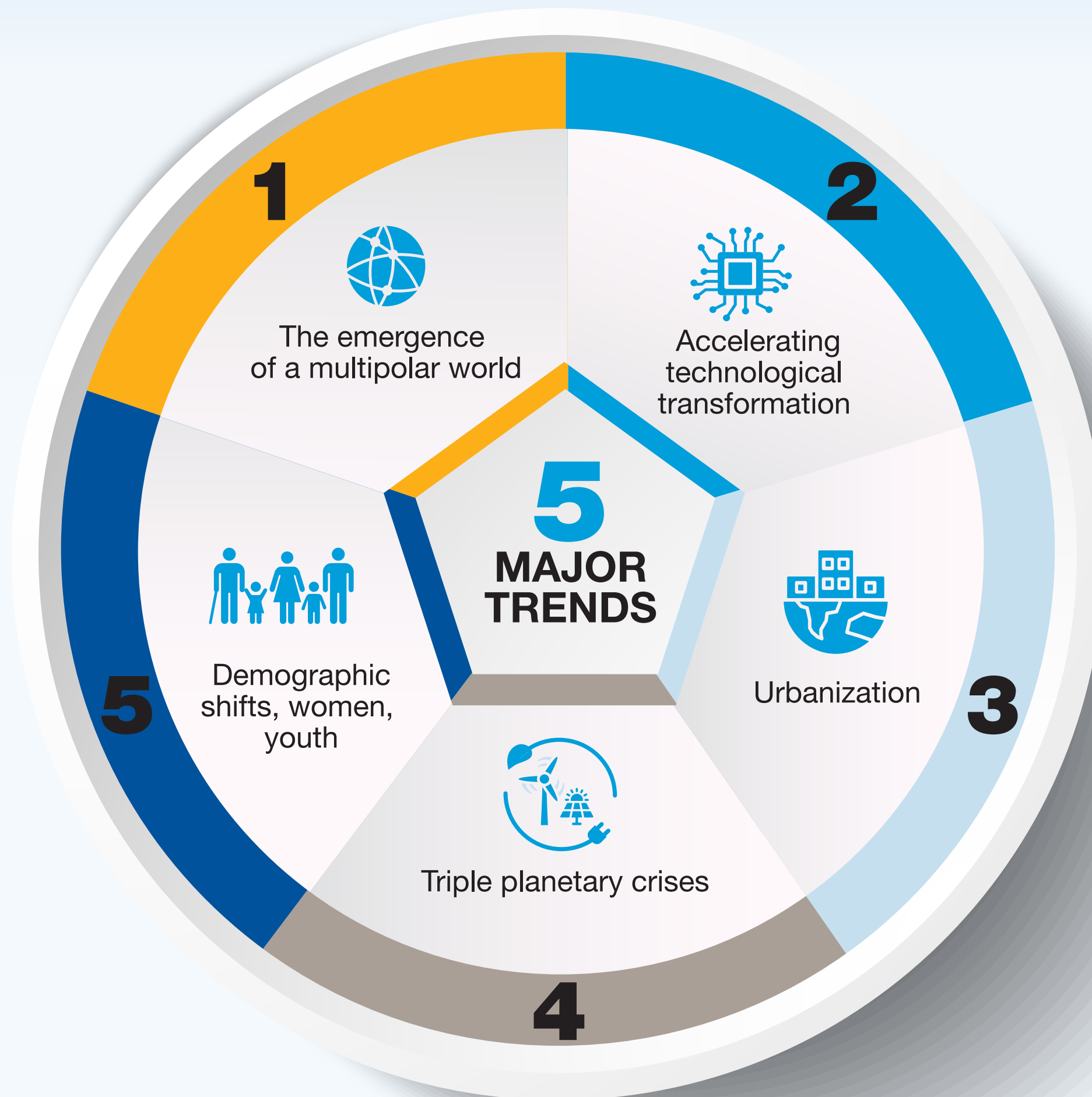


Source: World Inequality Database and Chancel and Piketty (2021).

Note: Income is measured per capita after pension and unemployment insurance transfers and before income and wealth taxes.

Five major trends are reshaping our world and future.

They will transform the way we live, work and interact with each other.



Source: UNCTAD Secretariat.



**Progress requires
a shift towards a more equitable,
inclusive and sustainable world.**



To deal with the old challenges
exacerbated by new tensions;



To build resilience to the ripple effects
of shocks and crises;



To harness the current trends
to propel development.

**UNCTAD must
adapt to these new demands.**

We must hasten the pace of 4 transformations:

More
diversified
economies

1

More
sustainable,
inclusive
and resilient
economies

2

More
abundant
and stable
finance for
development

3

More
multilateralism
in a multipolar
world

4



1

More diversified economies

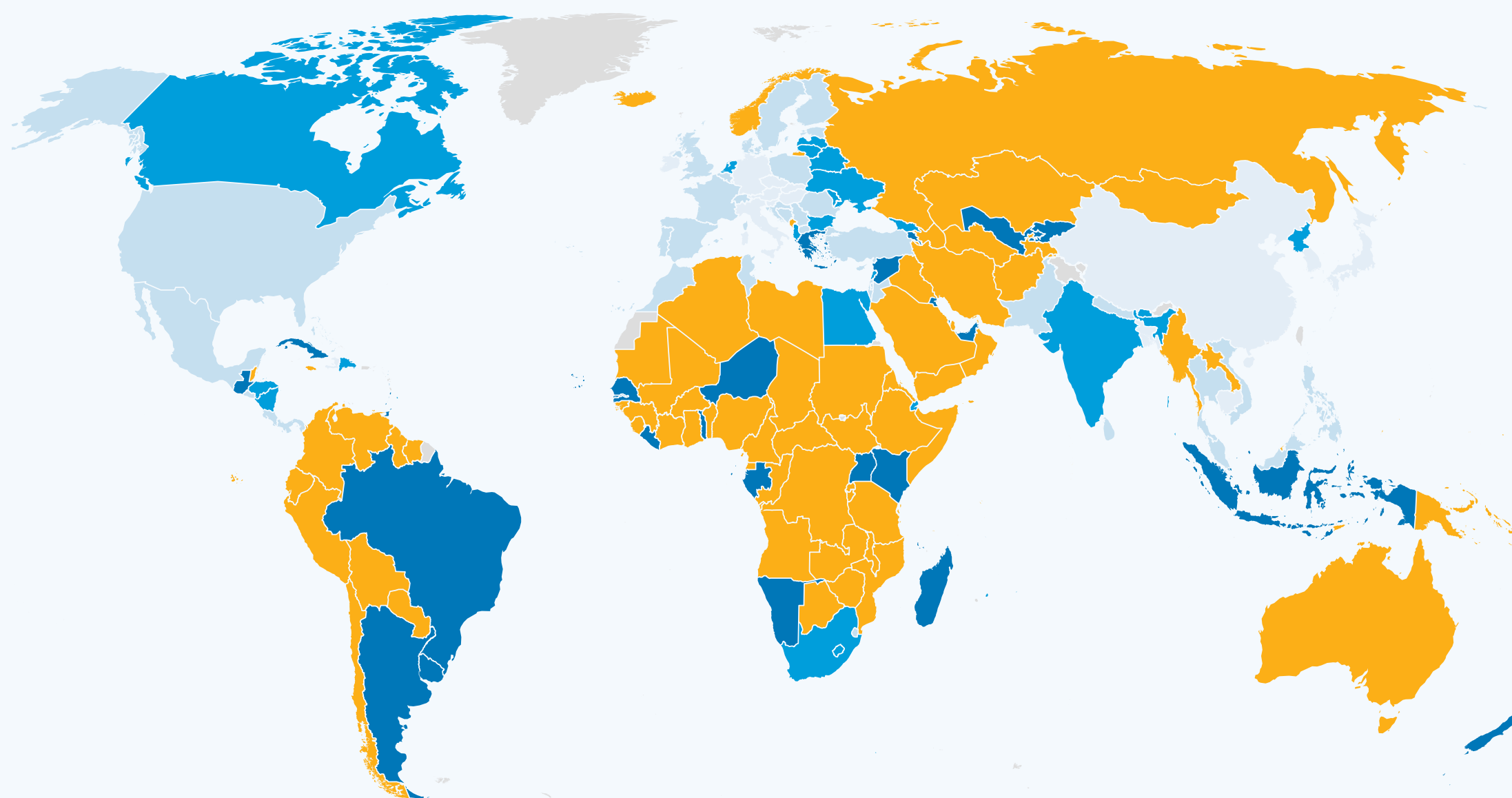




Commodity dependence remains a challenge.

66% of developing countries and 80% of least developed countries are commodity dependent.

► Primary commodities as percentage of total merchandise exports (2020-2022)



Source: UNCTAD Secretariat calculations based on UNCTADstat.

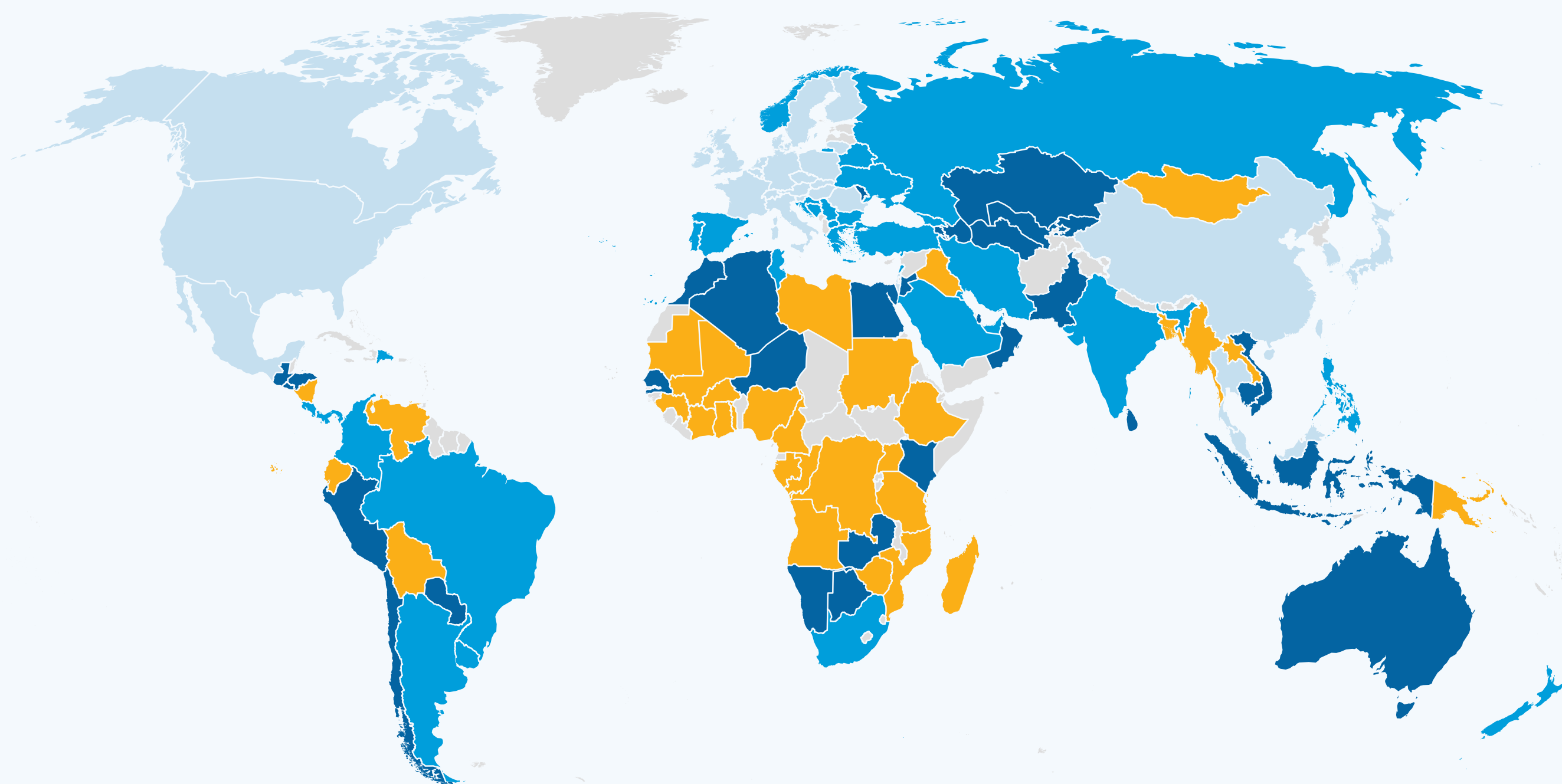
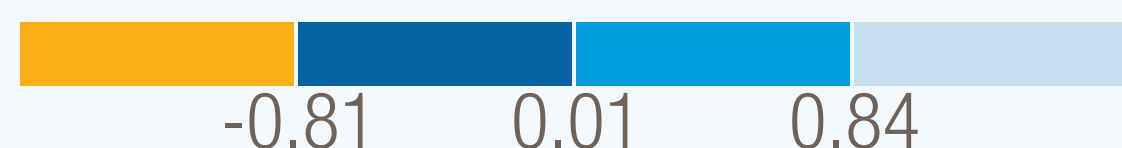
Note: A country is considered commodity dependent when more than 60% of its merchandise exports is composed of primary commodities.



Structural transformation lies at the core of sustainable development.

However, the shift towards higher productivity and more sustainable activities remains sluggish.

▶ Economic complexity index (2022)



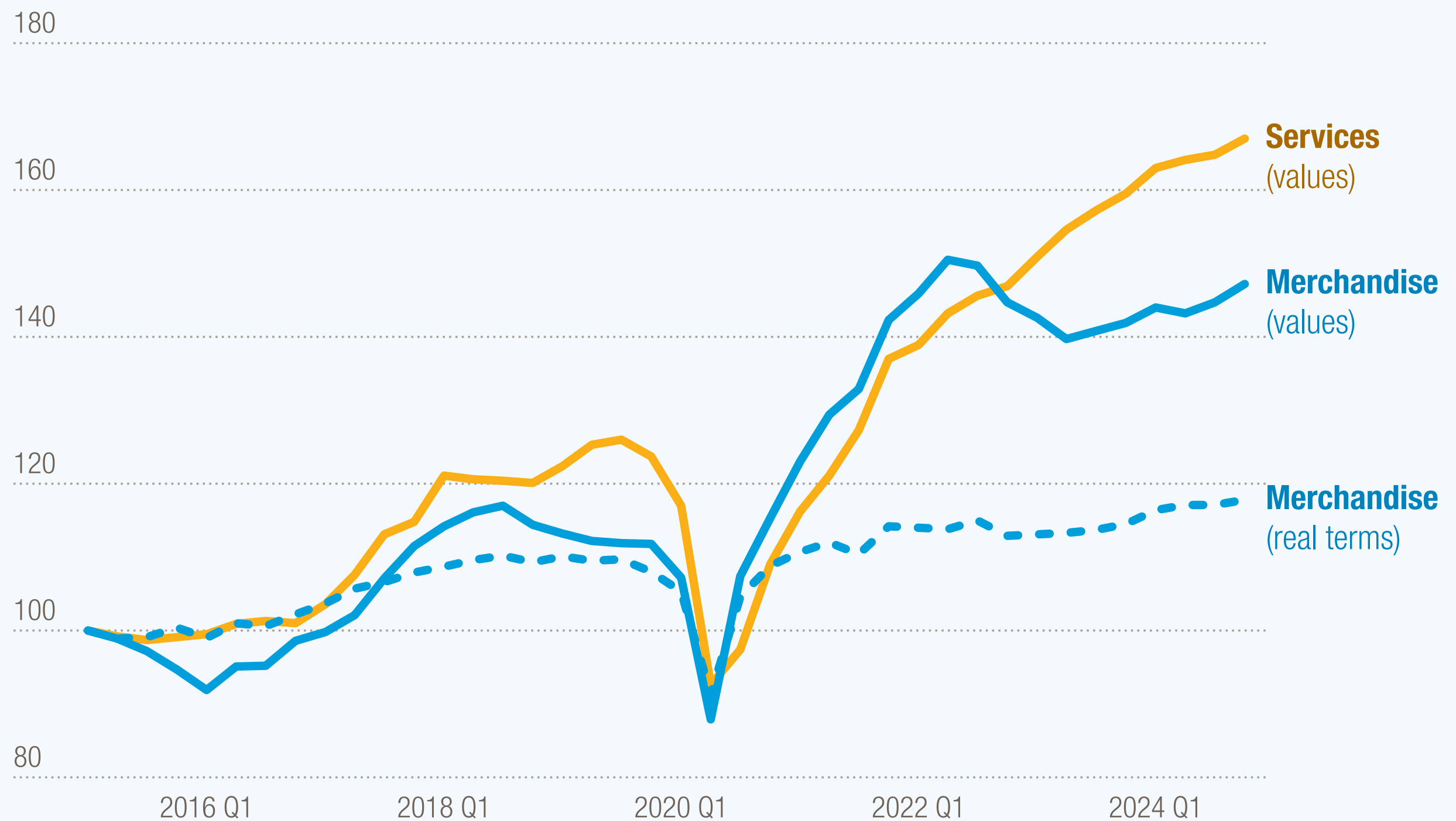
Source: UNCTAD Secretariat based on Observatory of Economic Complexity.

Note: The colour code corresponds to quartiles in the distribution of values of the Economic Complexity Index.



The rise of services points to new avenues for economic diversification.

► Quarterly world trade of merchandise and services (First quarter of 2015=100)



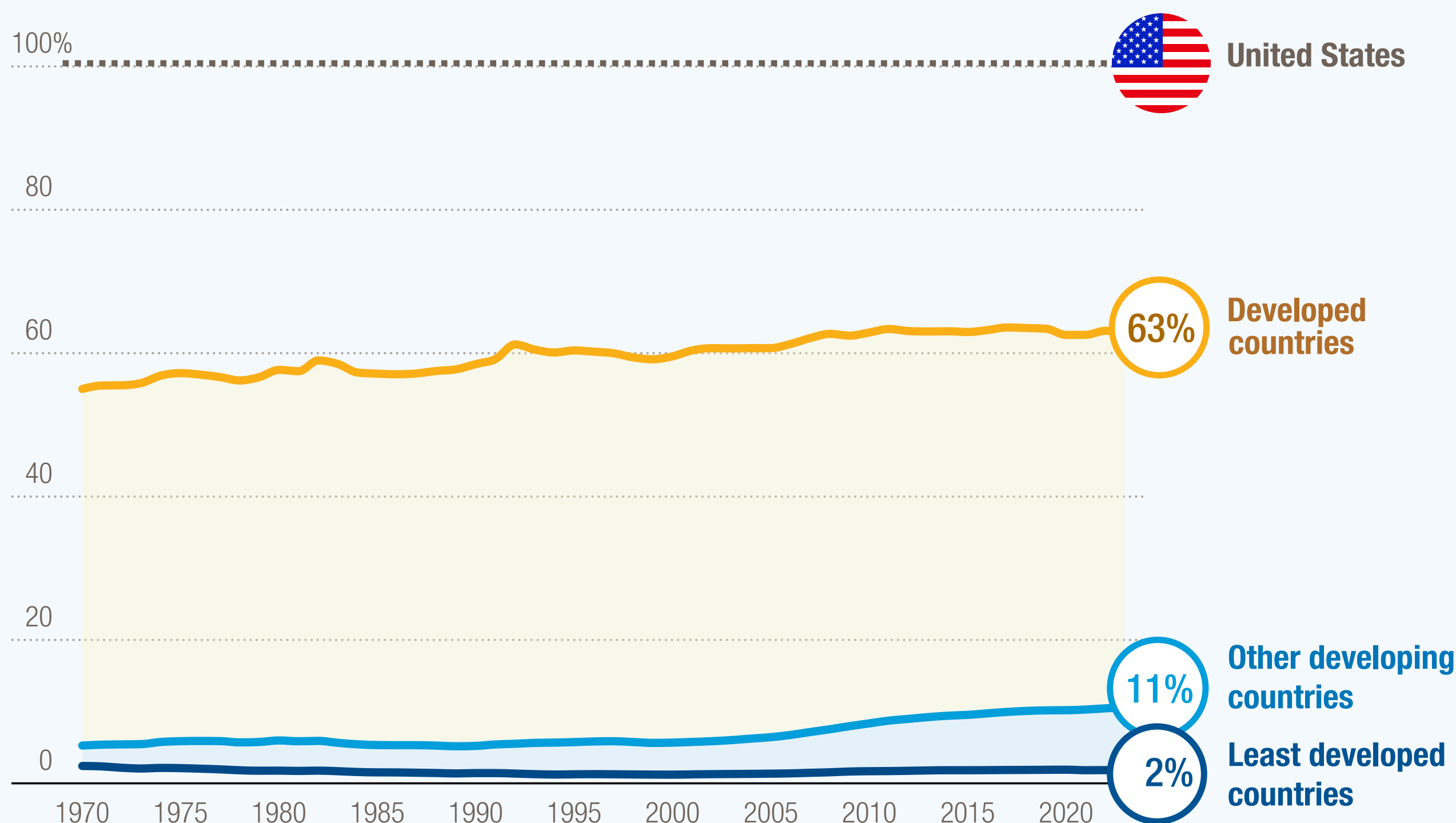
Source: UNCTAD based on UNCTADstat database.

Note: Quarterly world trade of merchandise and services (First quarter of 2015=100). All series are seasonally adjusted. Estimates from UNCTAD Nowcasts for the second to fourth quarters of 2024.



Catching up is a difficult process and the current international environment makes it even more complex.

► Real GDP per capita relative to that of the United States, by development status (%)



Source: UNCTAD Secretariat based on UNCTADstat.

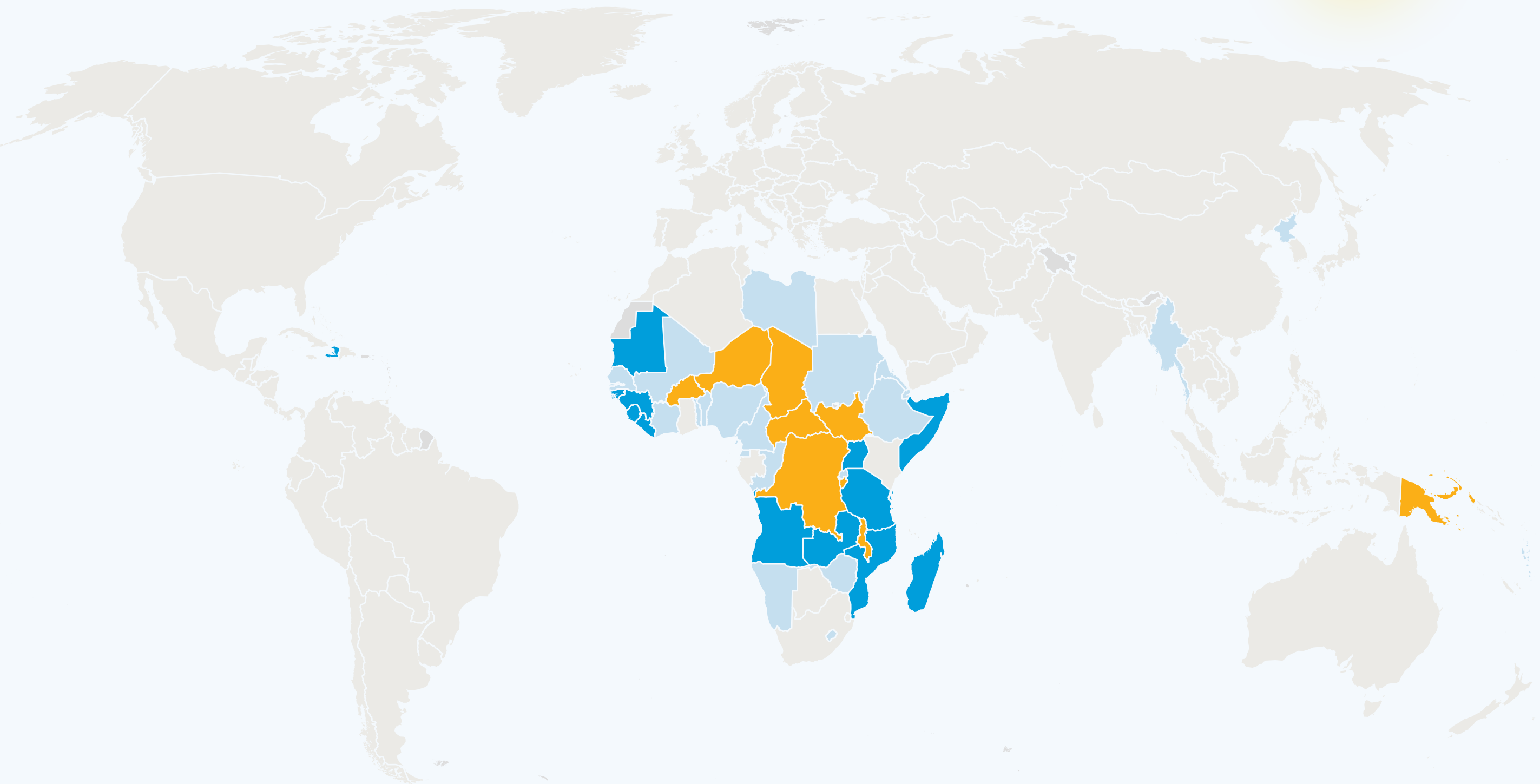
Note: Computations based on GDP per capita at constant 2015 prices.



Globally, 685 million people lack access to electricity, and for many more, it is still a luxury.

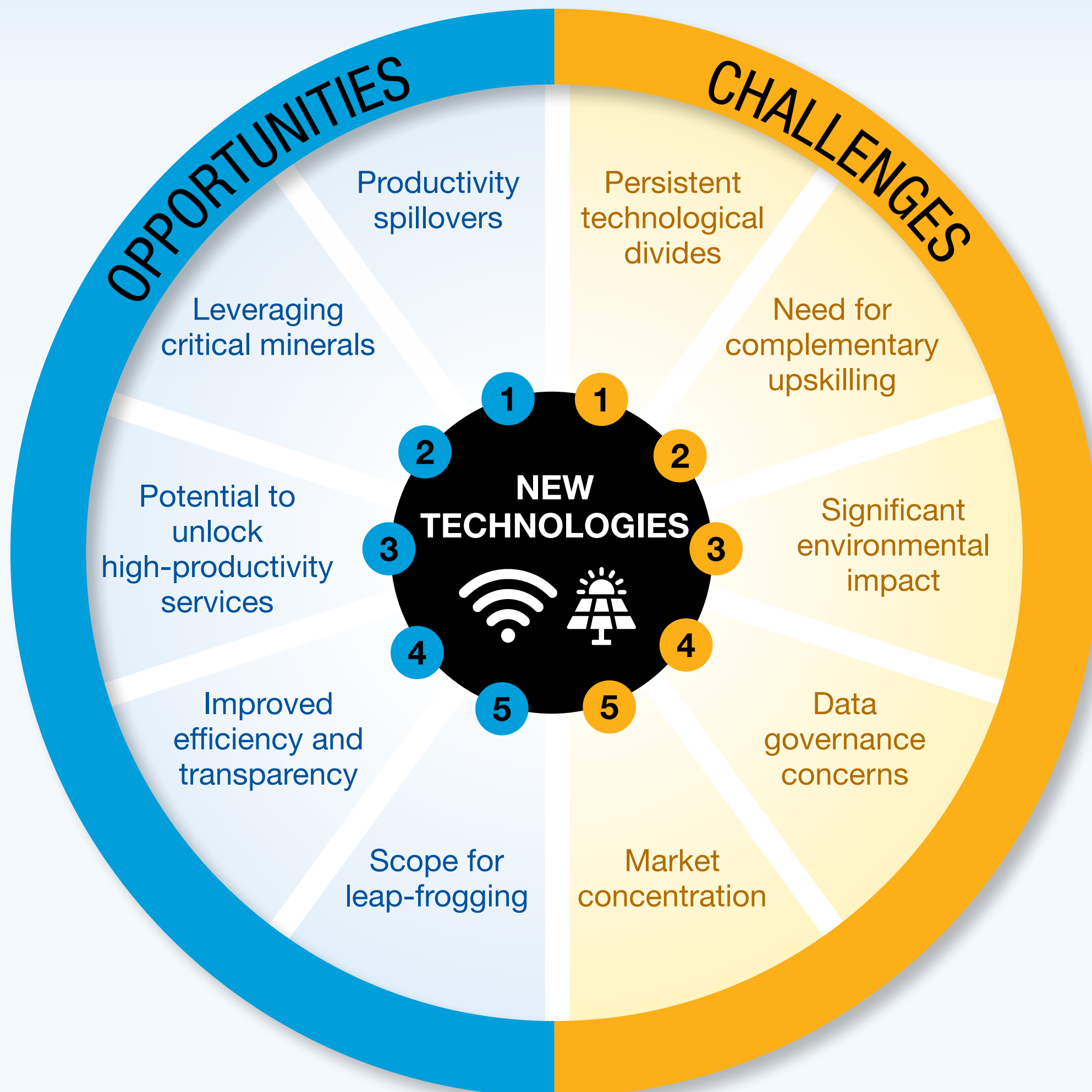
► Share of population with access to electricity in 2022 (%)

■ < 25% ■ 25%–50% ■ 50%–75% ■ ≥ 75%

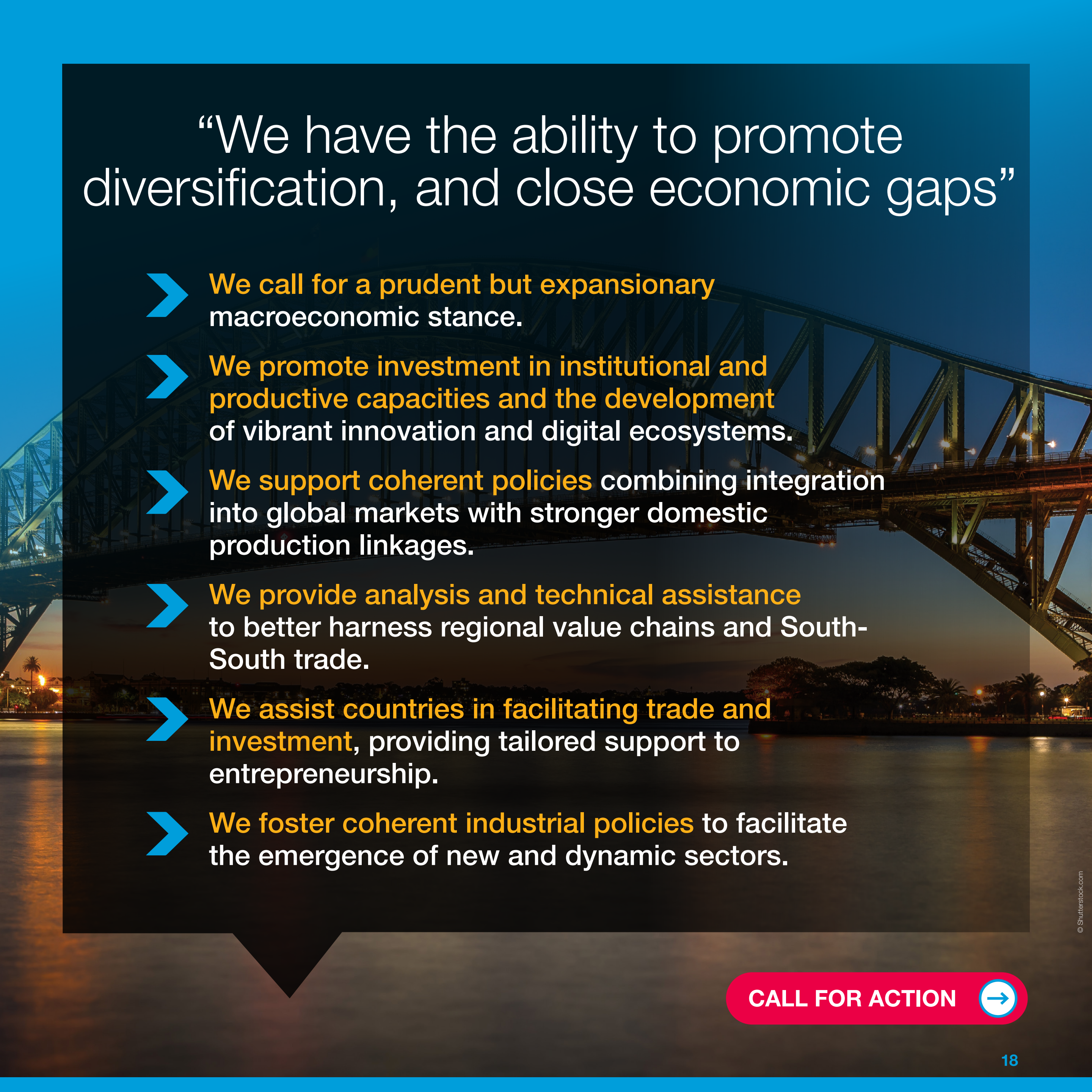


Source: UNCTAD Secretariat based on World Bank (2023), The Energy Access Report.

More can be done to harness new technologies for inclusive and sustainable development.



Source: UNCTAD Secretariat.



“We have the ability to promote diversification, and close economic gaps”

- **We call for a prudent but expansionary** macroeconomic stance.
- **We promote investment in institutional and productive capacities and the development** of vibrant innovation and digital ecosystems.
- **We support coherent policies** combining integration into global markets with stronger domestic production linkages.
- **We provide analysis and technical assistance** to better harness regional value chains and South-South trade.
- **We assist countries in facilitating trade and investment**, providing tailored support to entrepreneurship.
- **We foster coherent industrial policies** to facilitate the emergence of new and dynamic sectors.

CALL FOR ACTION



A man and a woman, both wearing dark blue polo shirts with red suspenders, are focused on working on the engine of a car. The man is in the foreground, looking down at his work, while the woman is slightly behind him, also looking down. The background is a blurred workshop environment. The image is overlaid with white geometric lines and a blue gradient at the top.

2

**More sustainable,
inclusive and
resilient economies**

A large, solid yellow chevron pointing downwards, positioned below the main text.



Sustainability and resilience are built on three interconnected pillars.

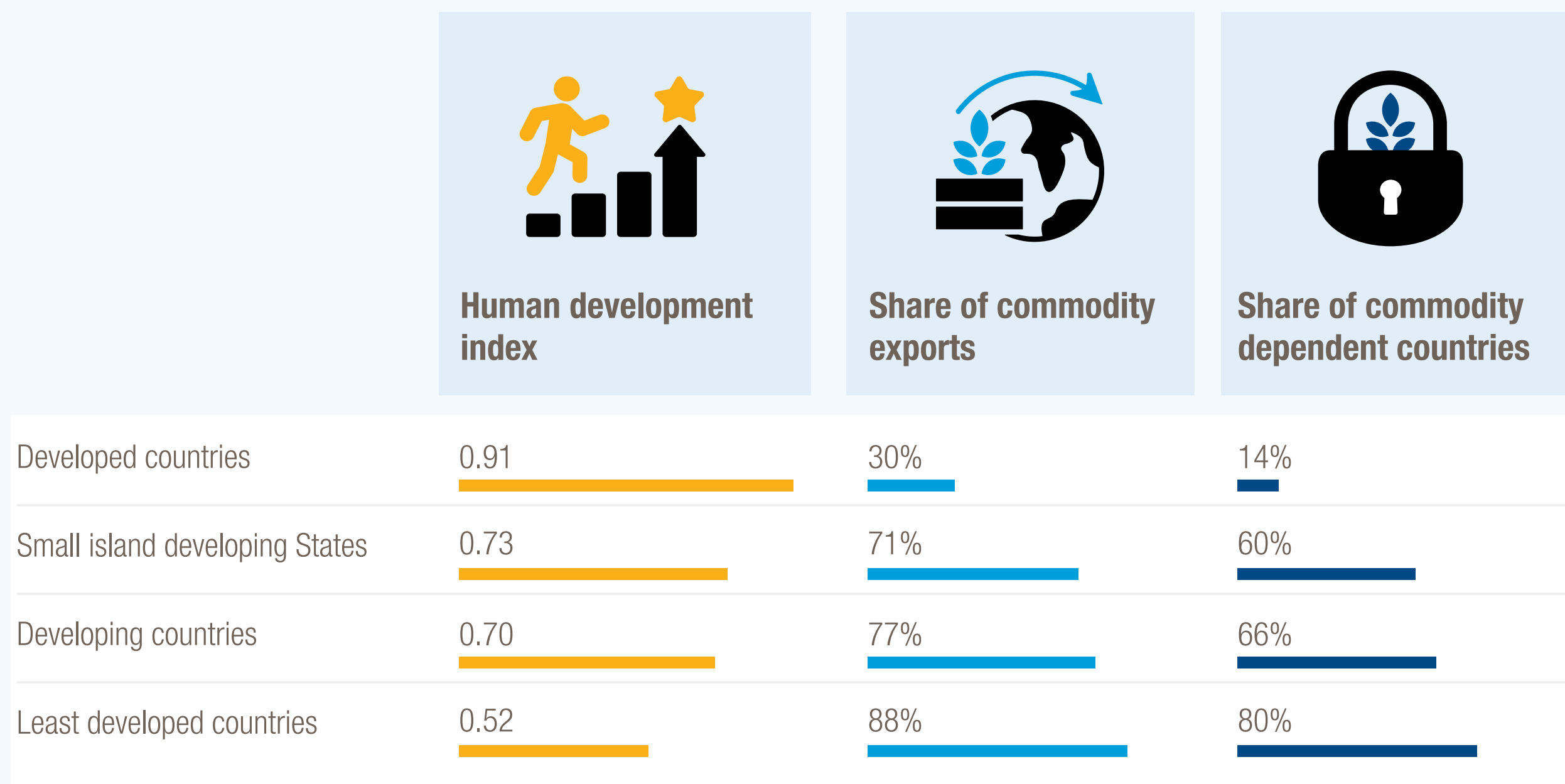


03



Diversification is key to development and resilience to shocks.

► Countries' level of human development and their commodity dependence



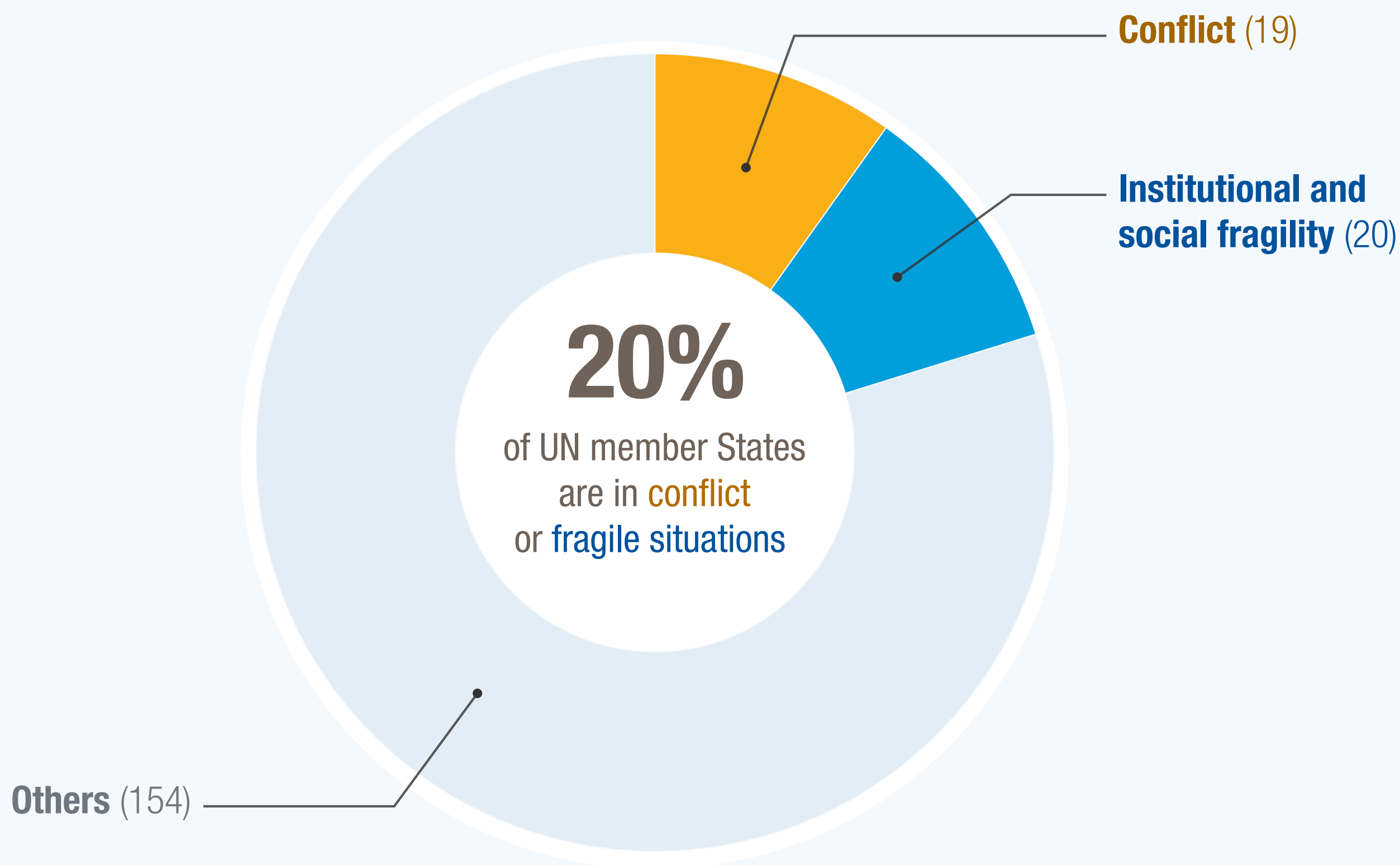
Source: UNCTAD Secretariat based on UNCTADstat and UNDP.

Notes: Median values per country group. Commodity export dependence for the period 2020-2022. A country is considered to be commodity export dependent when more than 60 per cent of its total merchandise exports are composed of commodities. Human development according to the Human Development Report 2023/2024. Small island developing States (SIDS) as defined by UN-OHRLLS.



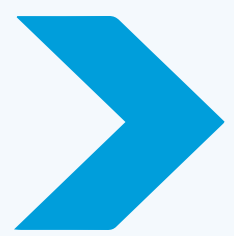
Conflicts and crises keep hampering development.

More attention is needed to the socio-economic impacts on directly and indirectly affected economies.



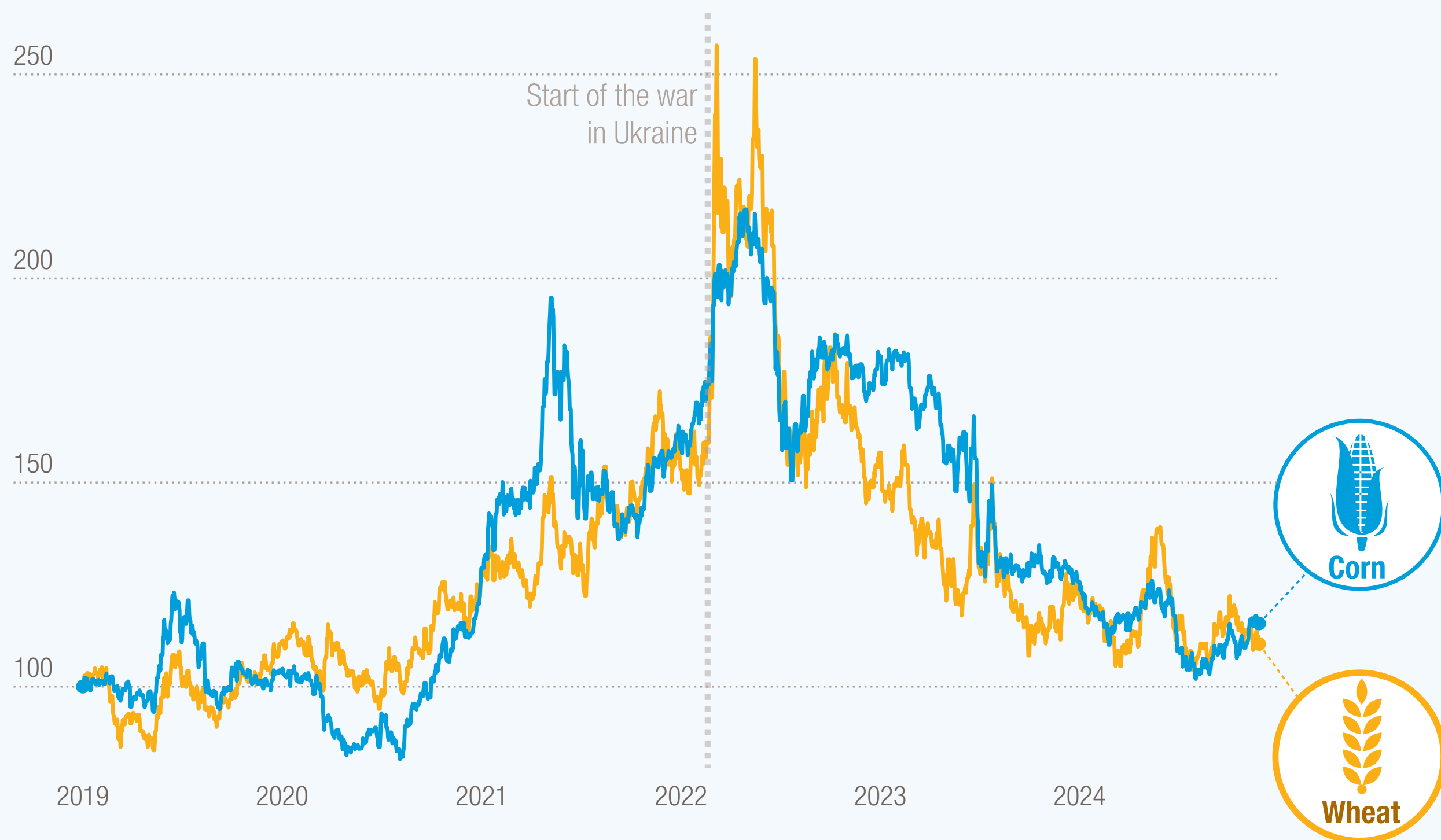
Source: UNCTAD Secretariat based on World Bank.

Note: Categorization of fragile and conflict-affected situations (FCS) by the World Bank Group as of July 2024.



Trade disruptions can lead to price hikes for essential goods, like food.

Price index (Jan 2019 = 100)

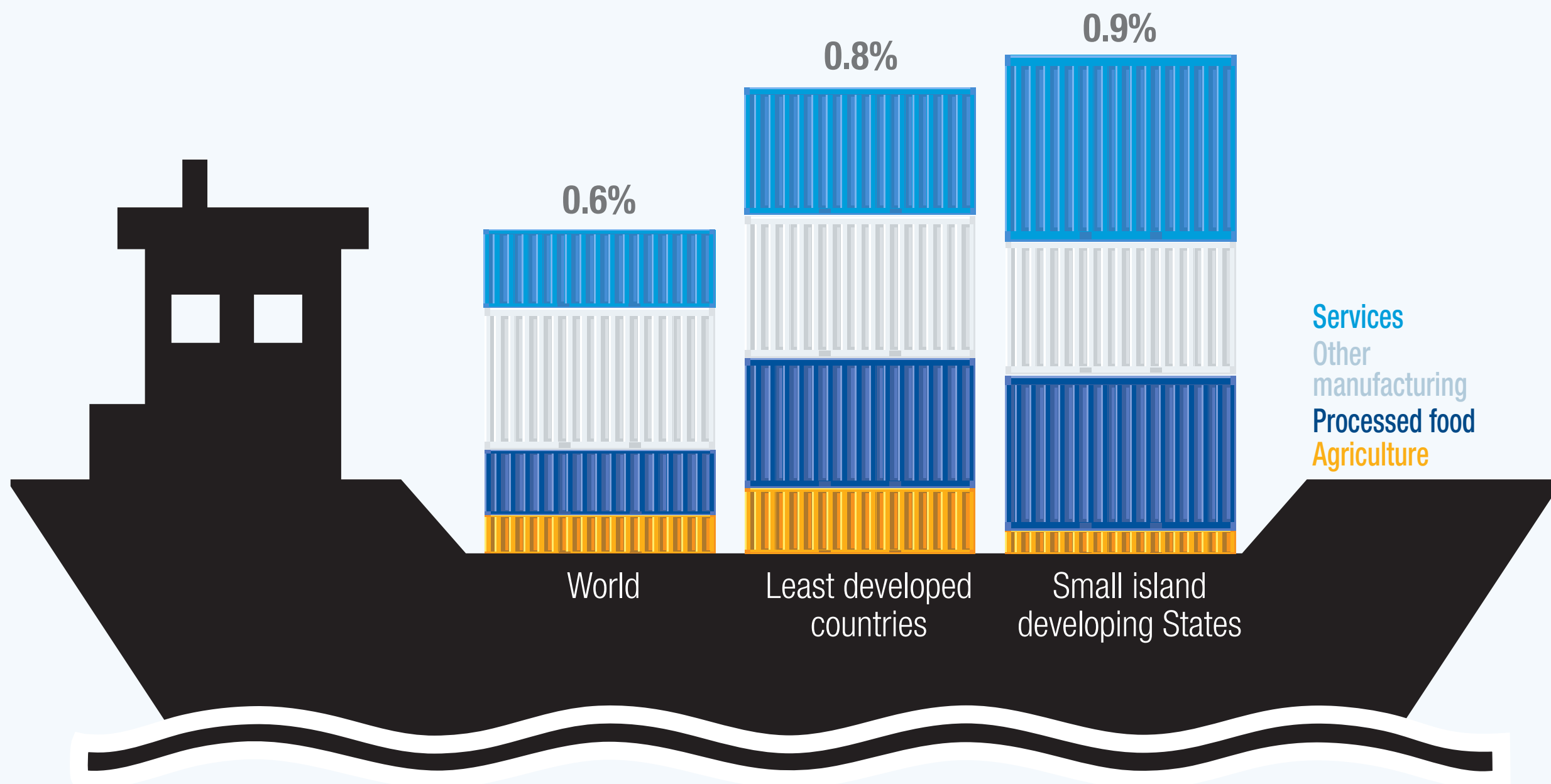


Source: UNCTAD Secretariat based on Refinitiv.



Disruptions in maritime transport exacerbate price increases in vulnerable economies.

Impact of freight rate increases due to Red Sea and Panama Canal disruptions on the consumer price index, percentage change, October 2023–June 2024



Source: UNCTAD Secretariat based on the GTAP version 11 Data Base and other data provided by Clarksons Research, Shipping Intelligence Network and Maritech Services Limited, Sea.

Note: Median of the impact across economies in the respective economic group.

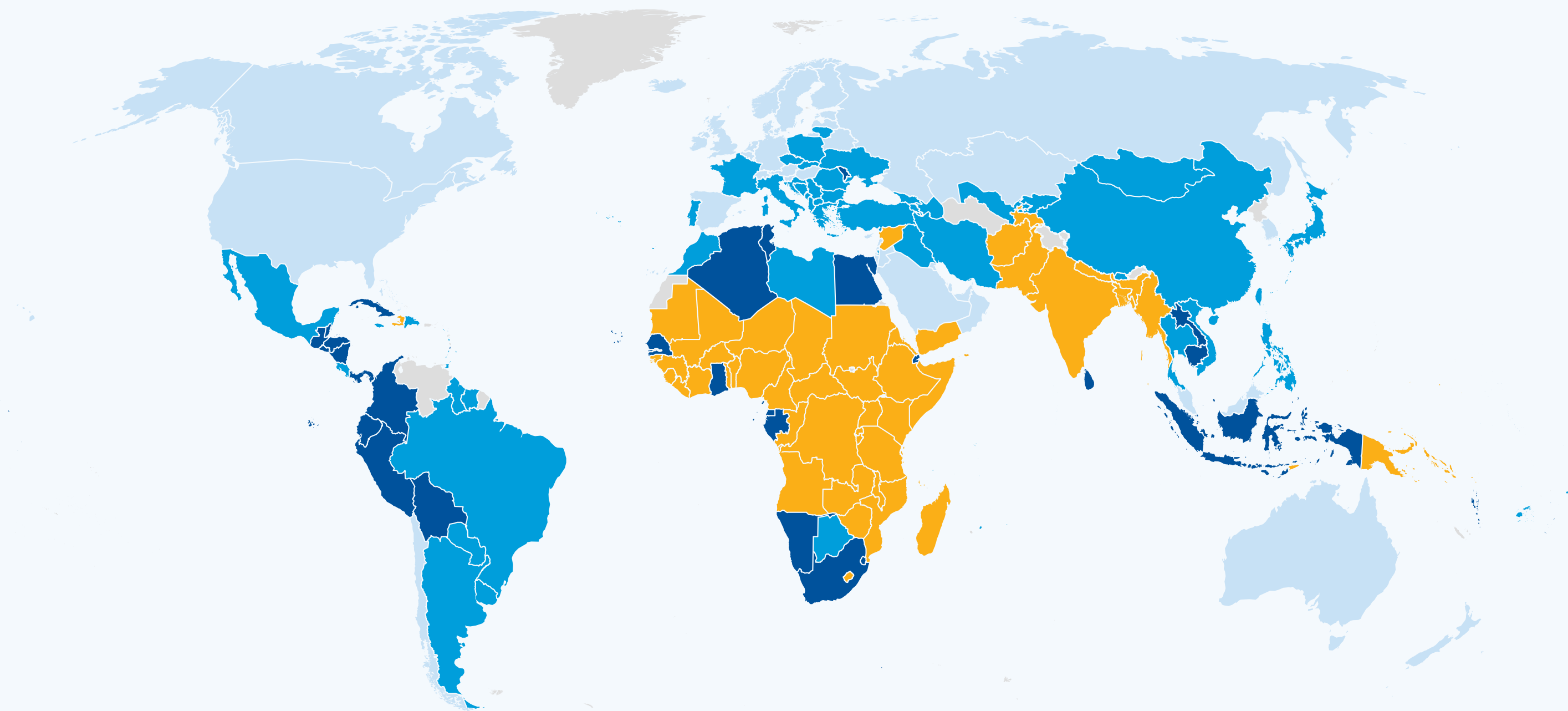


Digital divides amplify and are compounded by existing inequalities.

The digital economy faces challenges in infrastructure, skills, data flows, and privacy, while also contributing to environmental challenges.

► Share of individuals who used the Internet (%), 2023

■ < 50% ■ 50%–75% ■ 75%–90% ■ ≥ 90%



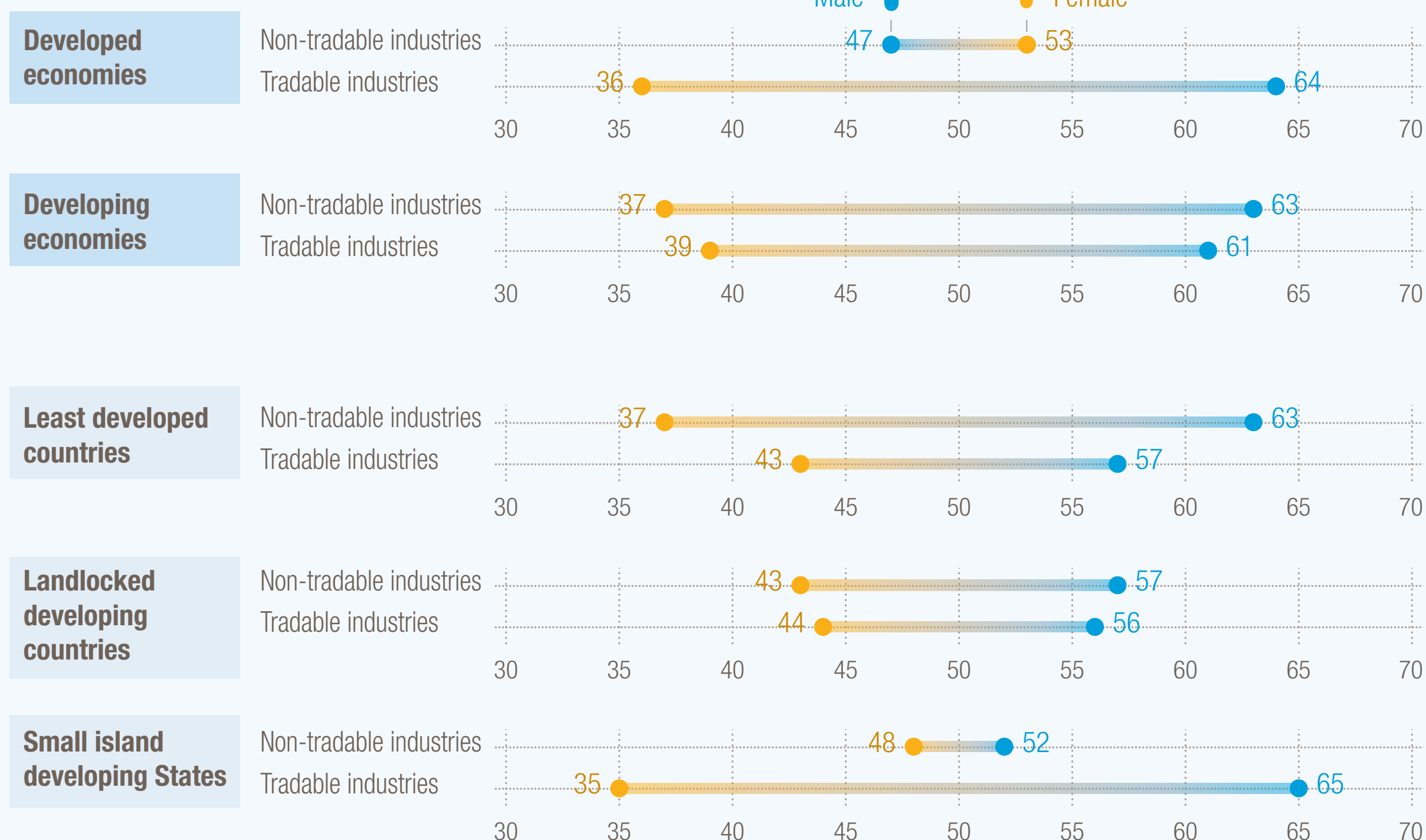
Source: UNCTAD Secretariat based on International Telecommunication Union.

Note: For countries with missing data for 2023, the latest available is shown.



Empowering women in trade can unlock economic potential.

Share of employees in tradable and non-tradable industries by sex in 2022 (%)



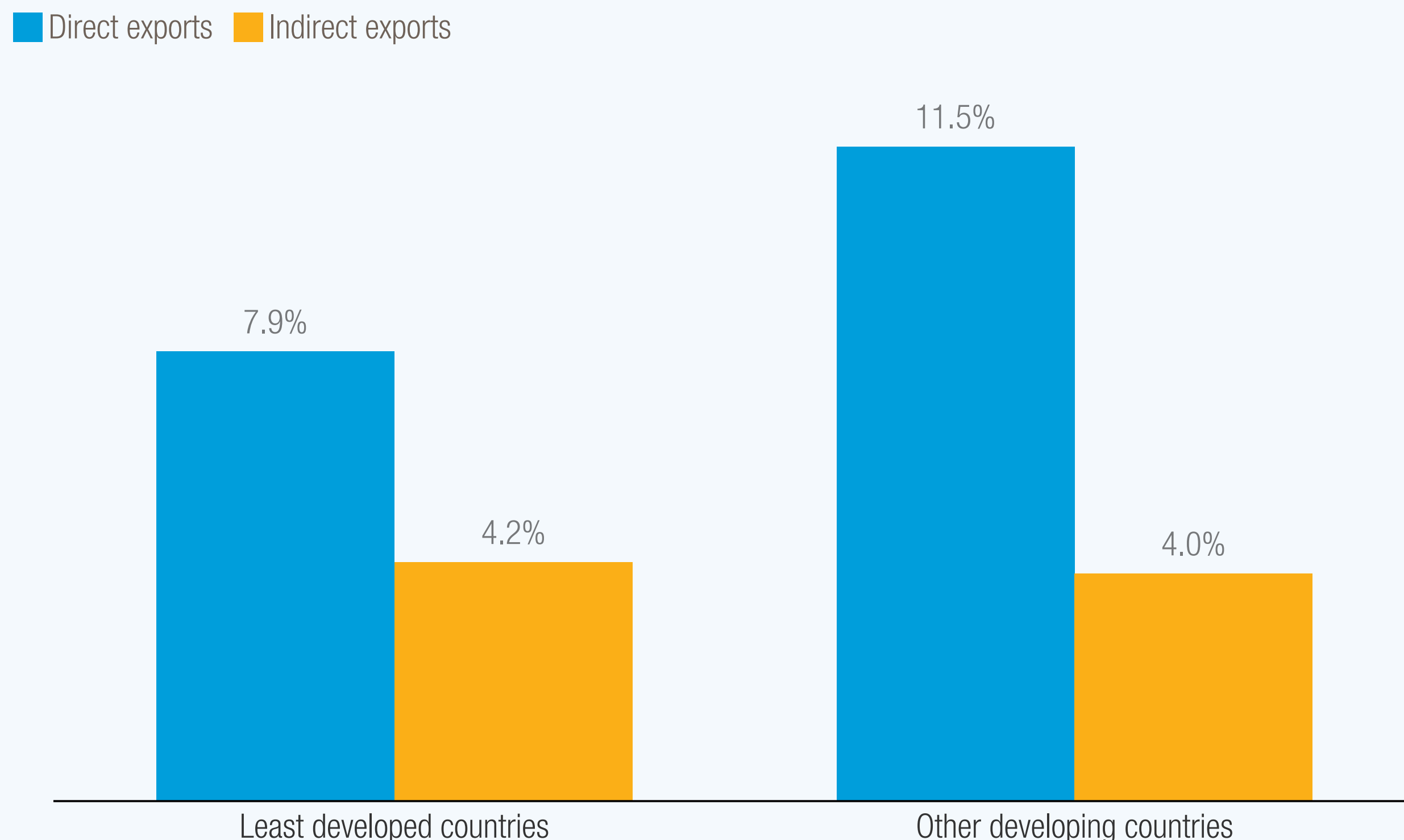
Source: UNCTAD Secretariat based on UNCTADstat.

Note: Small island developing States (SIDS) as defined by UN-OHRLLS.



Larger parts of society could benefit more from trade and global value chains.

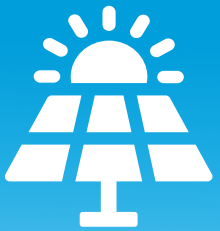
Share of direct and indirect manufacturing exports in total sales of small and medium-sized enterprises (SMEs), in % (average 2016-2021)



Source: UNCTAD Secretariat based on WTO.

Note: Indirect exports are sold domestically to a third party that exports internationally.

Production and consumption patterns must become environmentally sustainable



Renewable energy policies are inconsistent with global energy ambitions.



The environmental footprint of digitalization continues to expand at an accelerated rate.



Millions of tons of plastic waste are released each year, much of it polluting our oceans.



Transport enables connectivity and trade but significantly contributes to global emissions.



Biodiversity loss threatens nature, economies and the livelihoods of billions of people.

“The path to inclusive and sustainable diversification is within reach”

- **We analyse the global developmental impacts** of crises and shock as they unfold.
- **We enhance resilience** by promoting diversification, institutional capacity, and inclusion in growth strategies.
- **We shape policies on trade, investment, finance, technology, competition and consumer protection** to promote development that is economically, socially and environmentally sustainable.
- **We foster inclusivity** by increasing productivity across sectors and widen opportunities of trade and investment, including better jobs for women and youth and informal workers.

CALL FOR ACTION



3

More abundant and stable finance for development



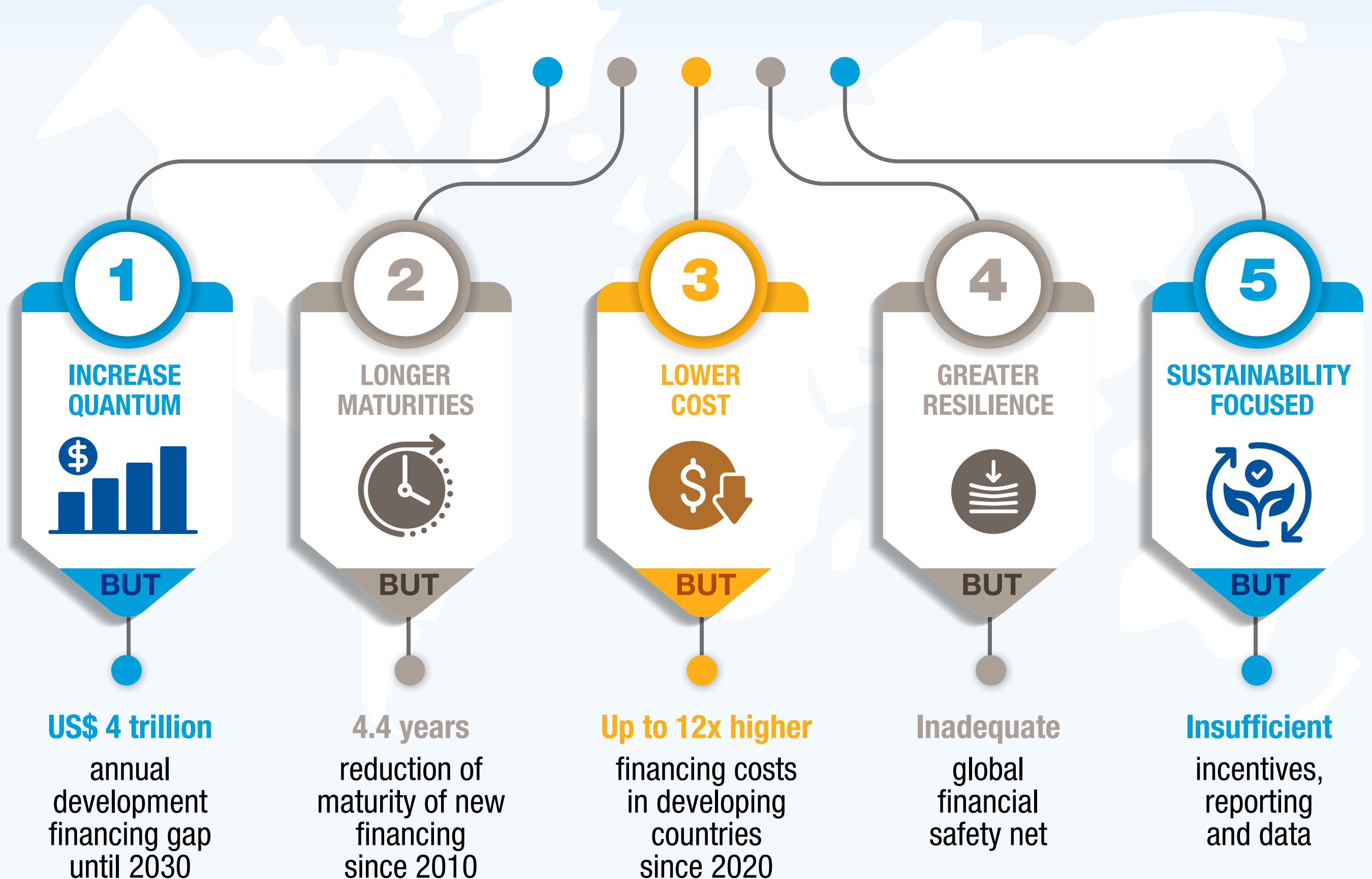
An International Financial Architecture fit for purpose.

A policy agenda centered on development must promote:



Financing for development needs to be more abundant, stable and on better terms.

Five shifts in financing
are needed for sustainable economic transformation



Source: UNCTAD Secretariat.

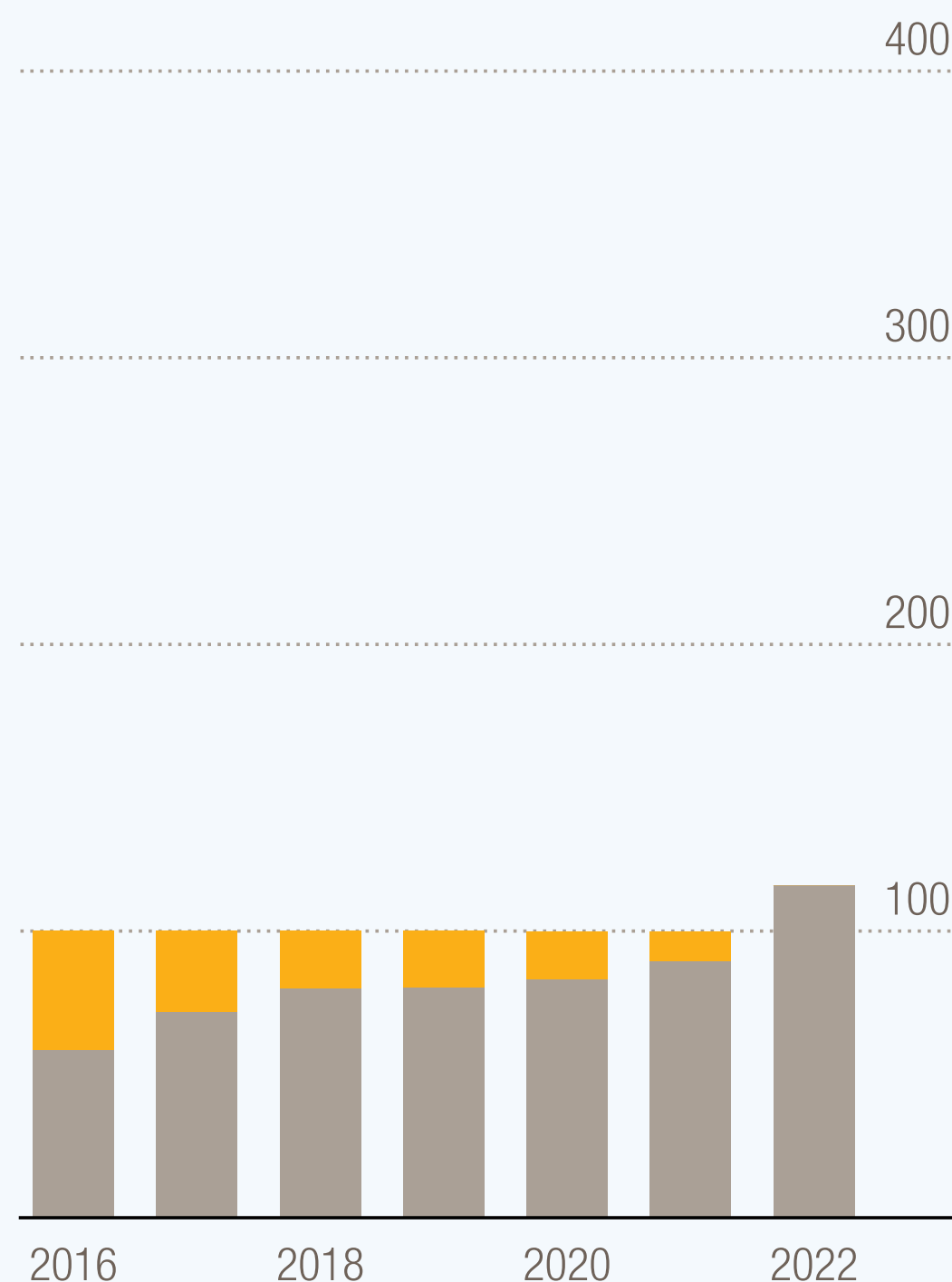
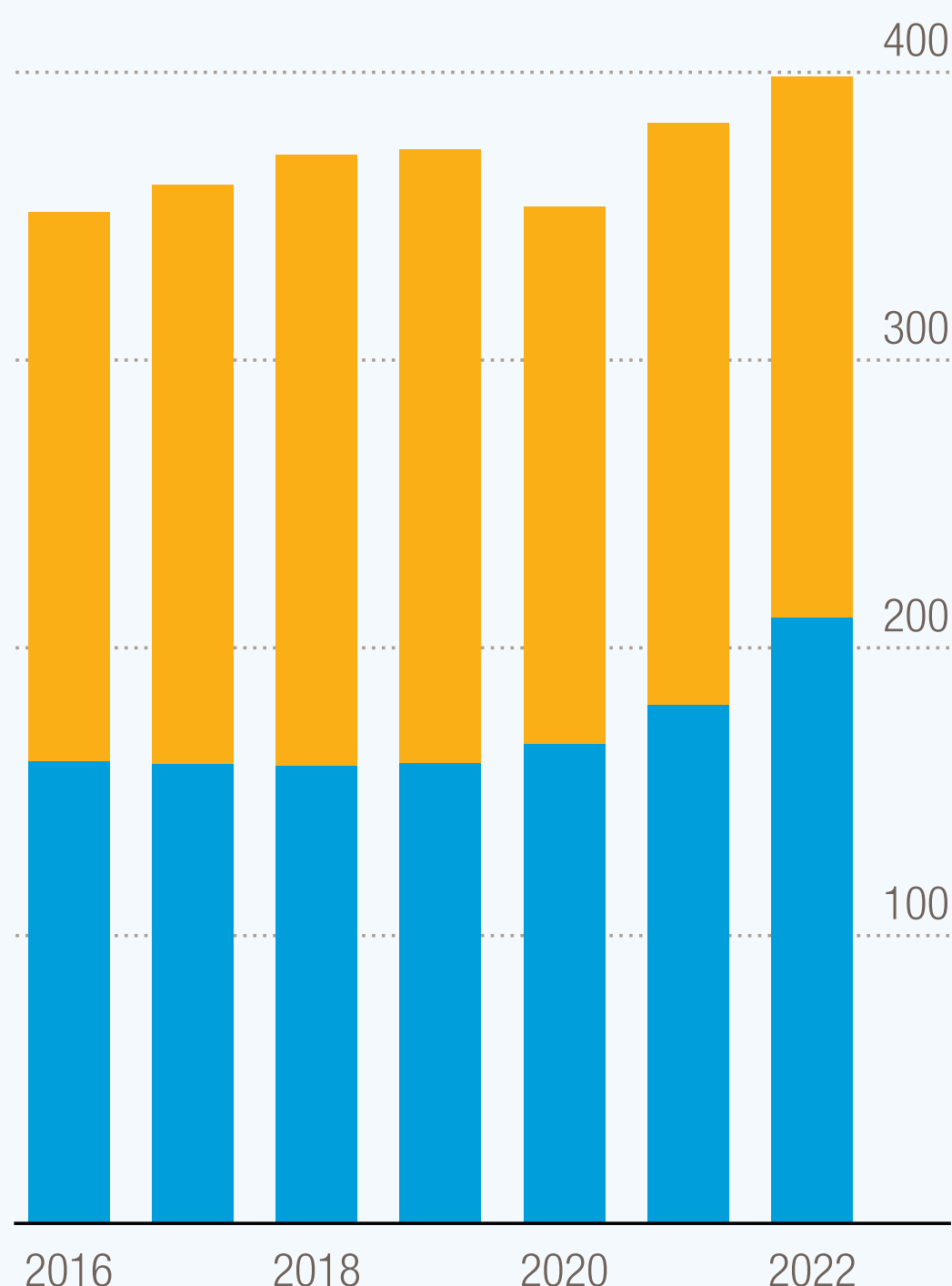
Note on maturities: Average maturity of new disbursements of external public and publicly-guaranteed debt for middle-and low-income countries.



There is a lack of compliance with commitments on development and climate finance.

Public development and climate finance in US\$ billions

Additional flows required to meet commitment Official Development Assistance Climate finance



Source: UNCTAD Secretariat calculations based on OECD.



Domestic resources need to be mobilized for the SDGs.

Open and equitable cooperation presents an opportunity to increase tax revenues, and tackle evasion and avoidance in developing countries.

► General government tax revenues as % of GDP (2010-2020)

Developed countries

33.8

Developing countries

17.6

Latin America and the Caribbean

20.4

Asia and Oceania

17.8

Africa

14.4

Source: UNCTAD Secretariat calculations based on UNU-WIDER Government Revenue Dataset.

Notes: Median value per country group. Average for the 2010–2020 period.

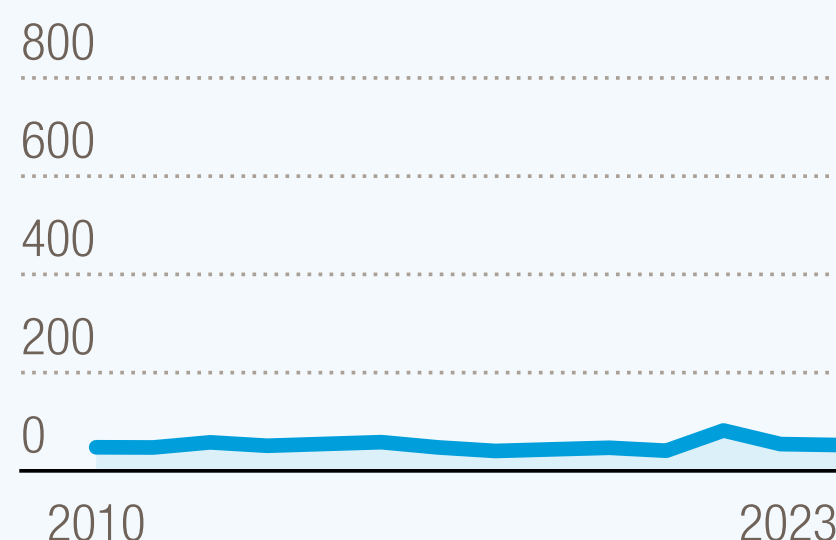


Foreign direct investment to developing countries recently decreased.

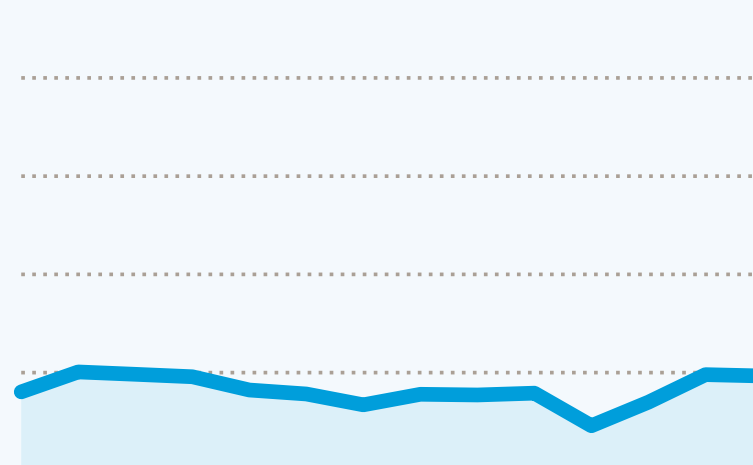
In addition, it is strongly focused on extractive sectors.

► Foreign direct investment in US\$ billions (2010-2023)

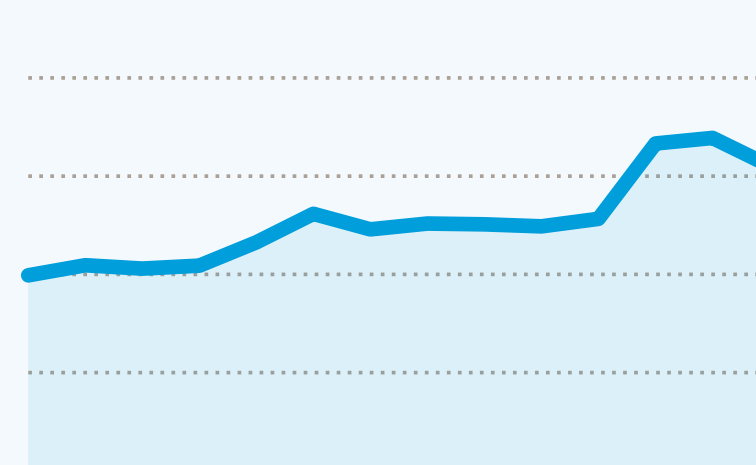
Africa



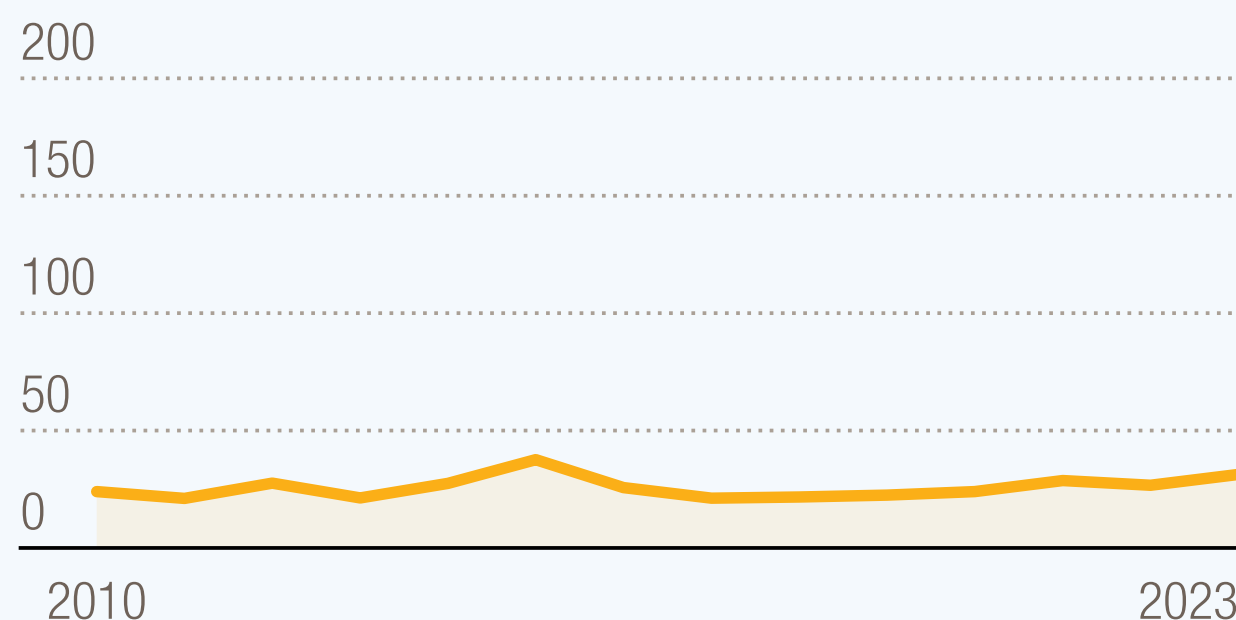
Latin America and the Caribbean



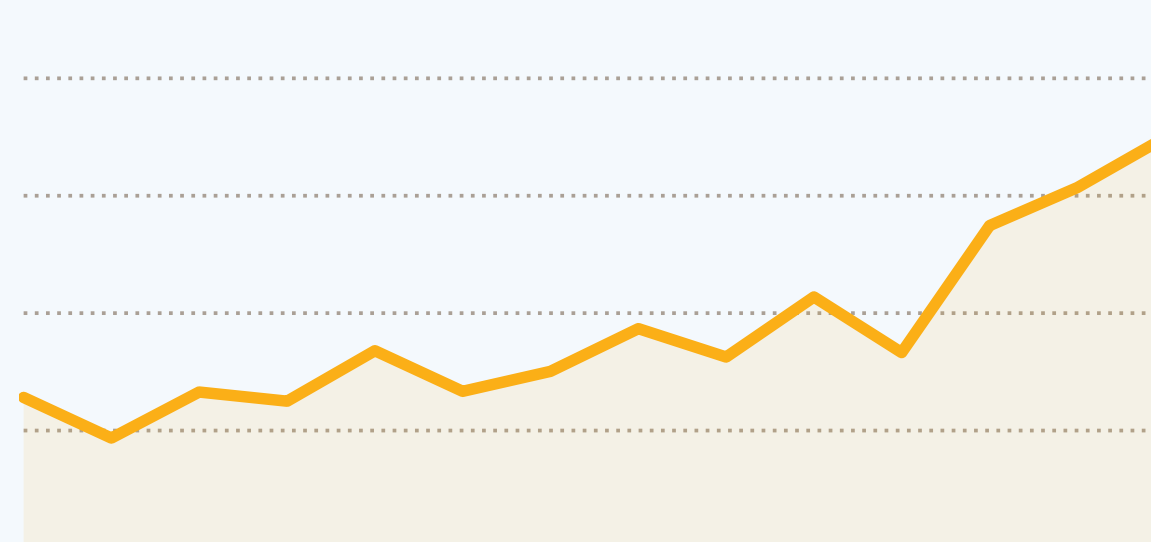
Asia and Oceania



Least Developed Countries



Small Island Developing States

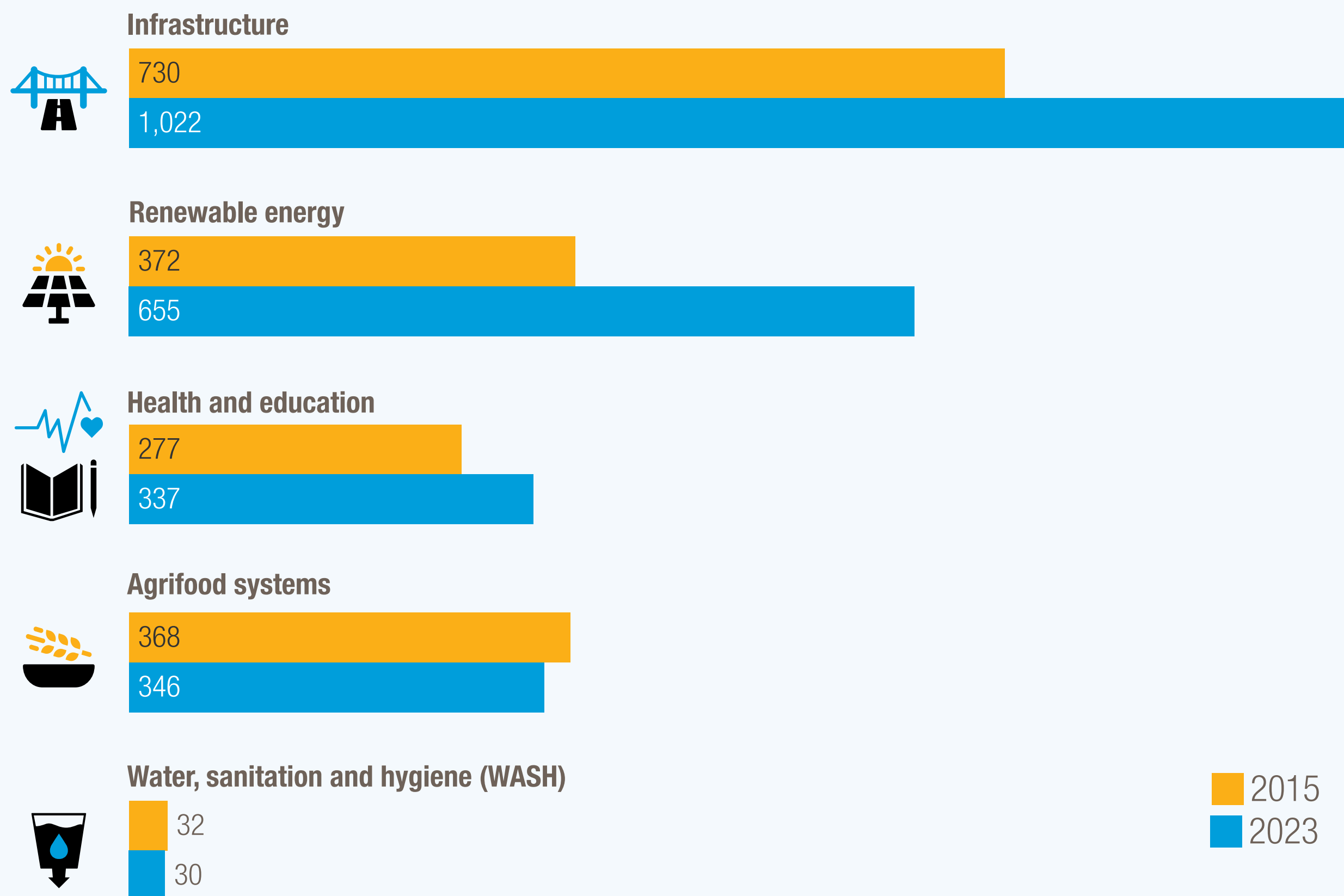


Source: UNCTAD Secretariat based on UNCTADstat.



Investment in the SDGs has failed to take off in some critical sectors.

Number of annual investment projects in sectors relevant to the SDGs in developing countries (2015-2023)

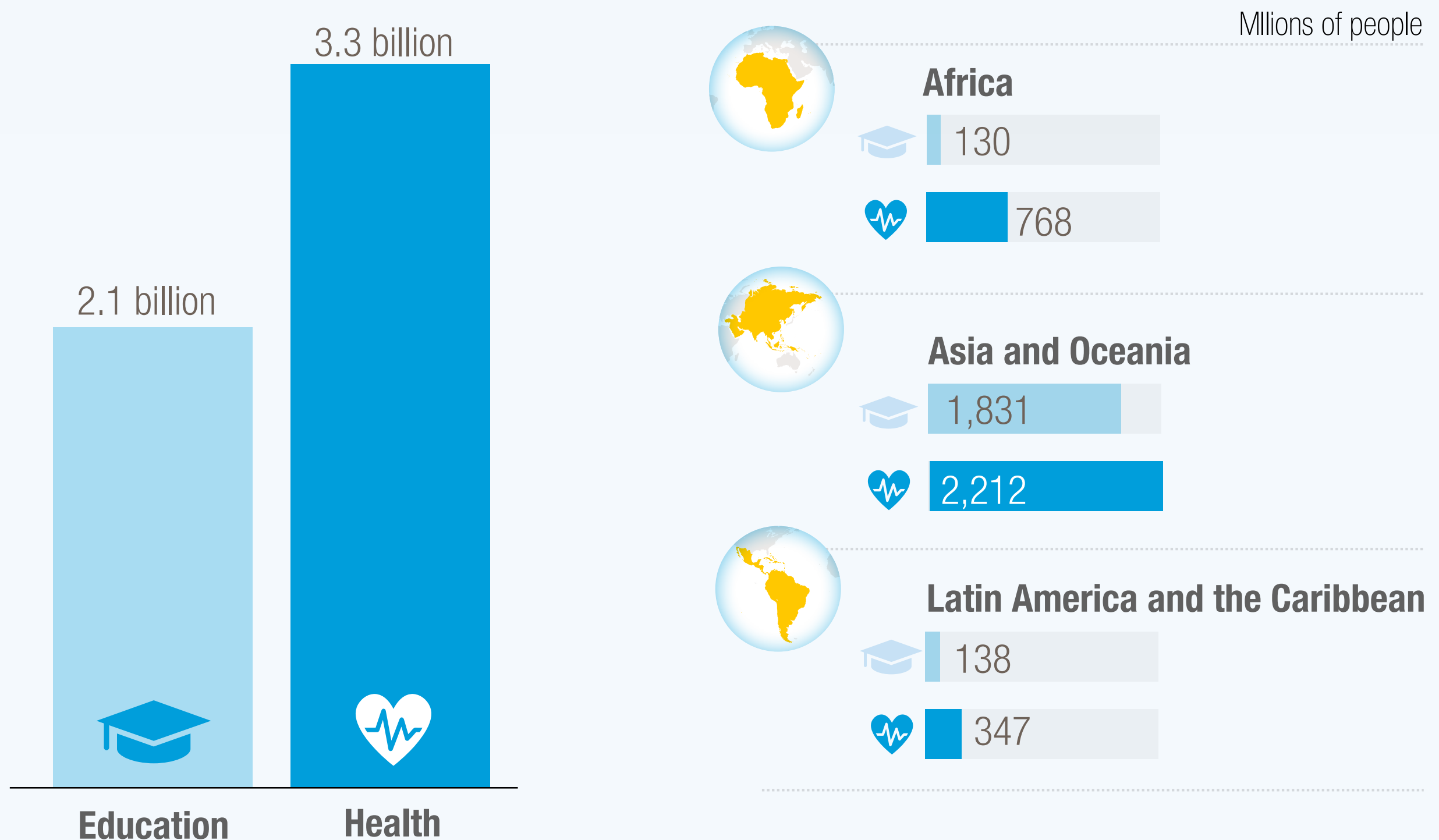


Source: UNCTAD Secretariat based on UNCTADstat.


Notes: Infrastructure includes transport infrastructure, power generation and distribution (except renewables) and telecommunication. Agrifood systems includes agricultural production and processes; fertilizers, pesticides and other chemicals; research and development; and technology.

There is a need to reform the global debt architecture to support sustainable development.

Population in developing countries where spending on interest exceeds education or health (2020-2022)



Source: UNCTAD Secretariat.



“We need a global financial architecture that puts people and planet first”

- **We work towards creating** an enabling environment for the mobilization of domestic resources.
- **We support the fulfilment** of development and climate finance commitments.
- **We support countries** on investment promotion and facilitation.
- **We advocate** for stable, open, responsible and transparent global investment conditions.
- **We lead in whole-of-UN efforts and different international fora** for international financial architecture reform, including a global debt architecture that works for development.

CALL FOR ACTION



4

More multilateralism in a multipolar world

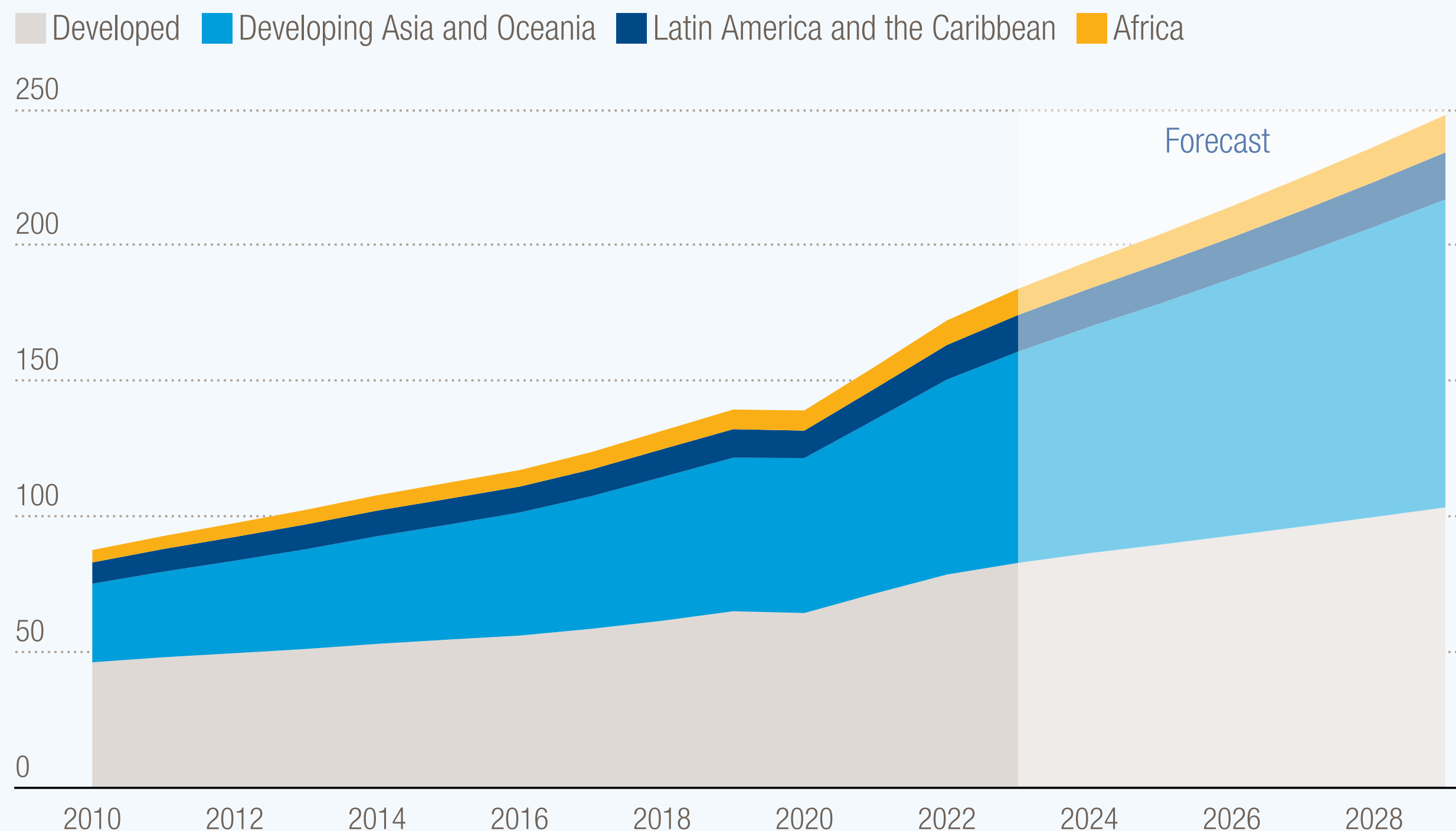




The rise of the Global South has decentralized the world economy.

Nearly 70% of global economic growth in the next five years will come from the Global South.

► World annual GDP in US\$ trillion, by region



Source: UNCTAD Secretariat based on IMF, World Economic Outlook.

Note: Gross domestic product (GDP) in purchasing power parities (PPP). Forecast for the period 2024-2029.

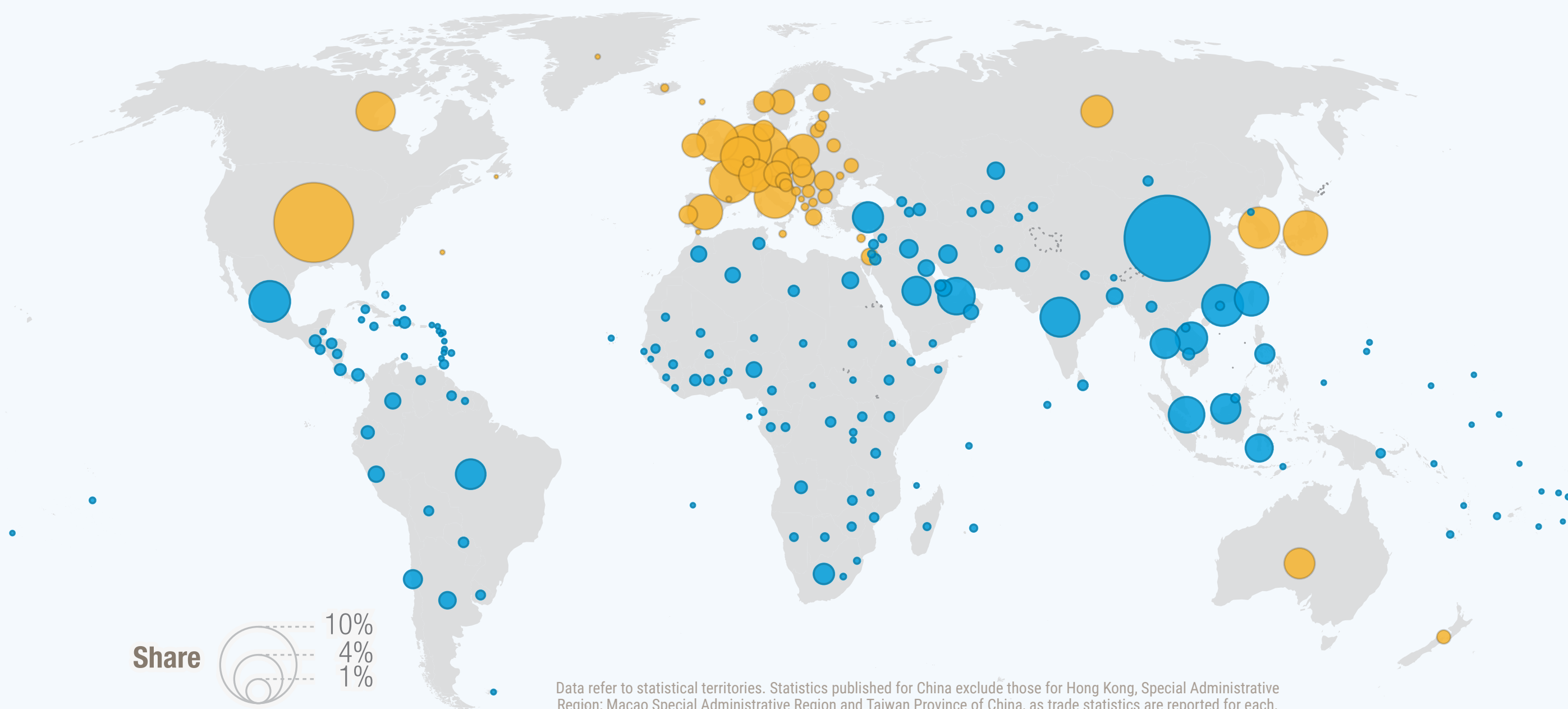


Multilateralism is the means to make all voices heard in a multipolar world.

Yet, the growing diversity of economic centres of gravity adds complexity to the multilateral system.

► Share in global merchandise trade in 2023 (%)

■ Developed ■ Developing



Source: UNCTAD Secretariat based on UNCTADstat.

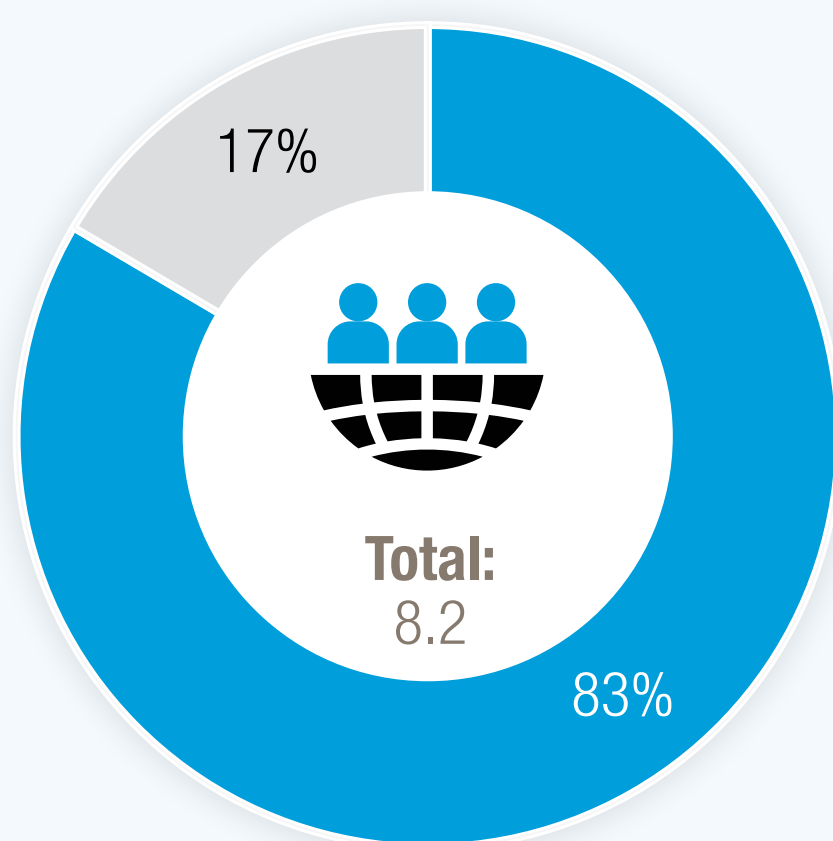
Note: Based on the average of total merchandise exports and imports at current prices in US\$.



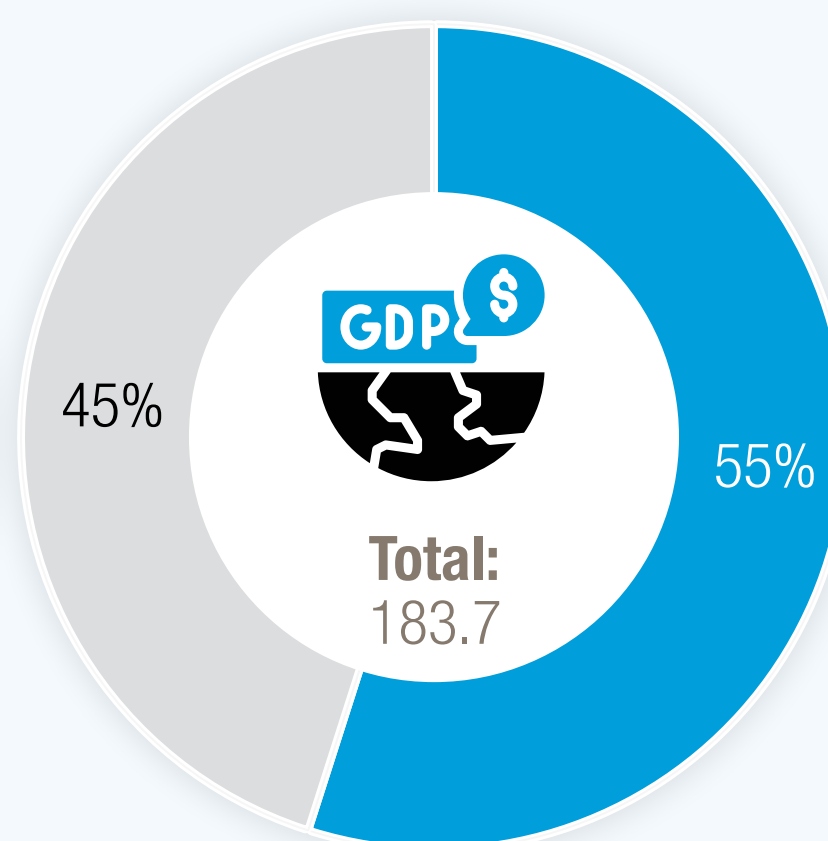
Global governance must keep pace with the changing reality.

The danger is that the voices from developing countries are not sufficiently heard.

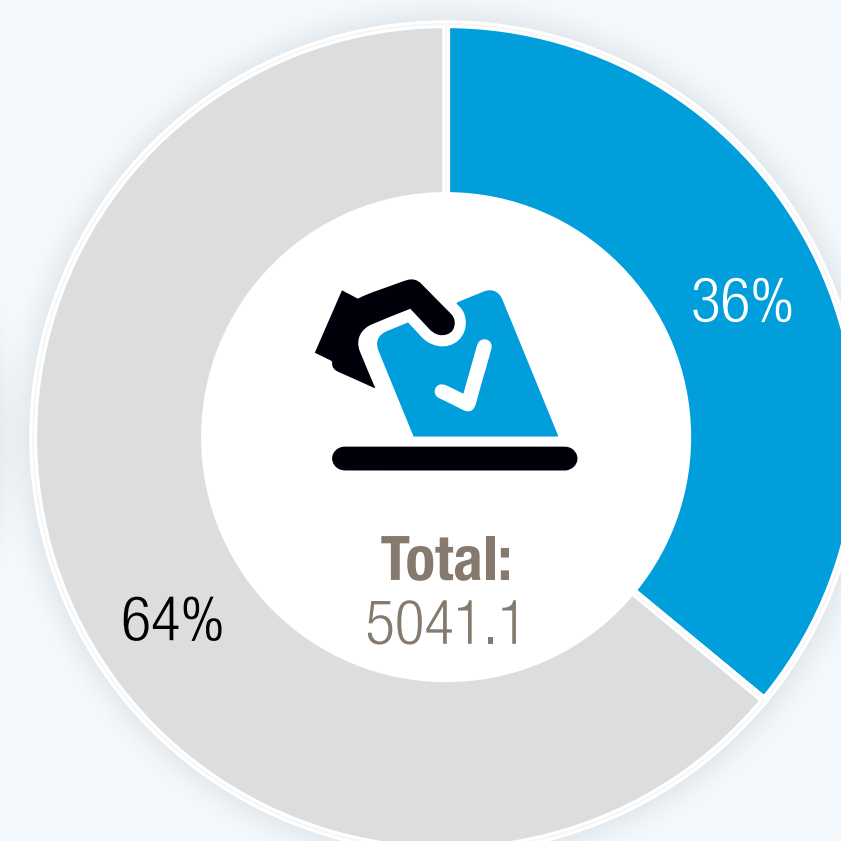
■ Developing economies ■ Developed economies



Population (billion)



GDP (US\$ trillion)



IMF votes (thousands)

Source: UNCTAD Secretariat based on UNCTADstat and IMF.

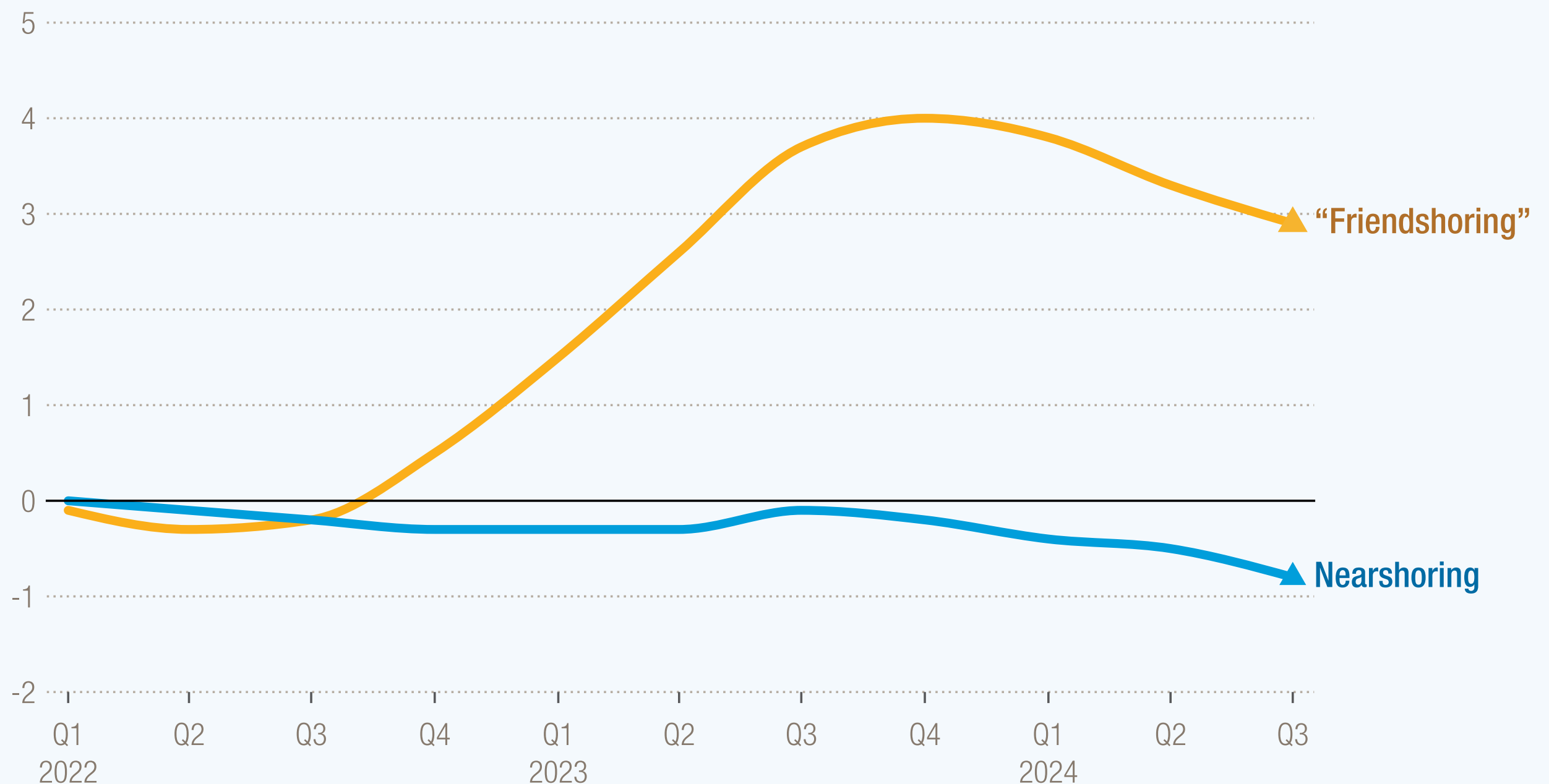
Note: Population and IMF vote shares for the year 2024. Gross domestic product (GDP) at purchasing power parities (PPP) for 2023.



Trade should be a force for shared prosperity.

Recently, trade patterns have aligned more closely with geopolitics and geo-economics.

► Annual change relative to 2021 (%)



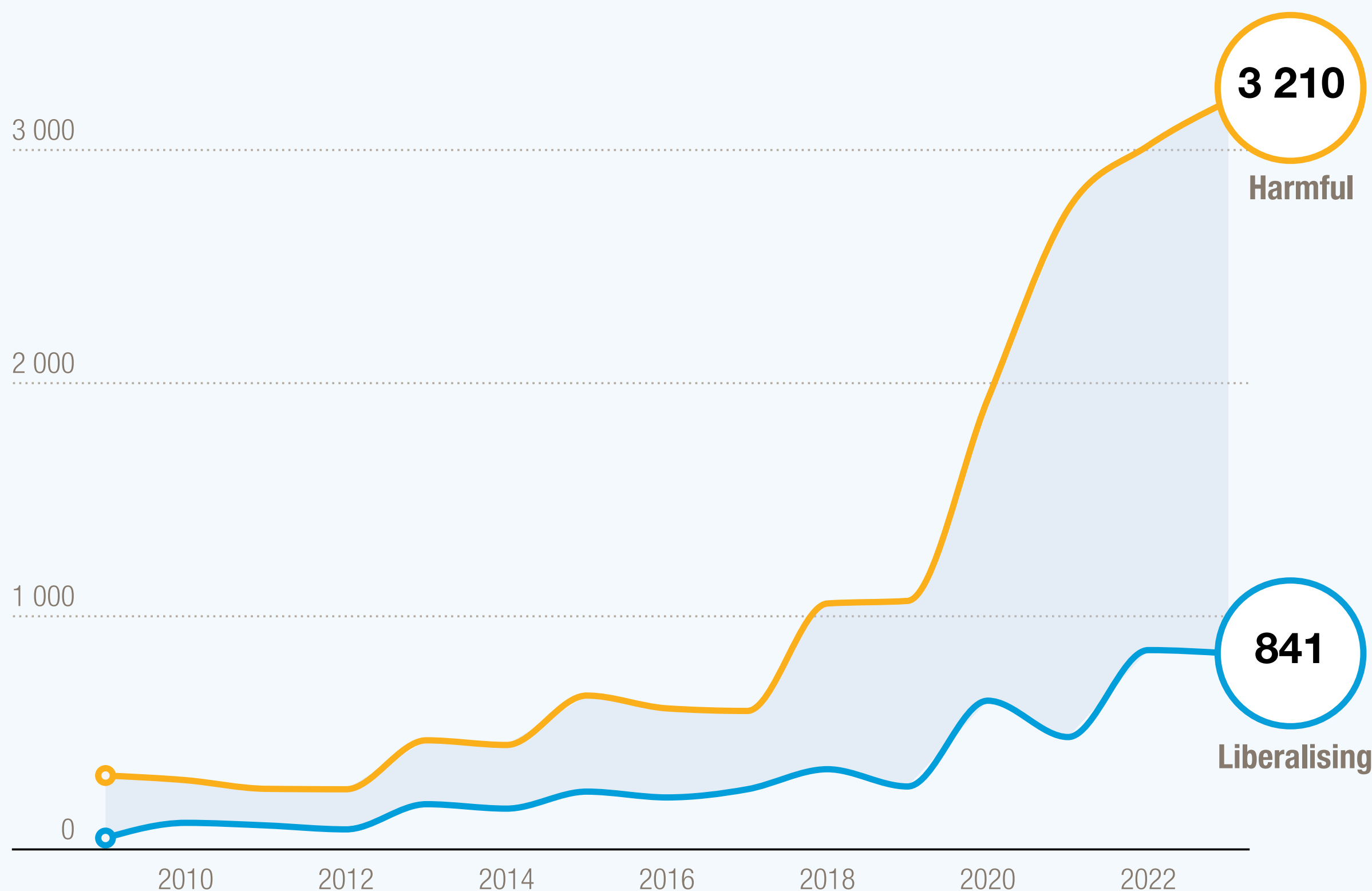
Source: UNCTAD Secretariat calculations based on national statistics, UN voting data, and CEPII geographic data.

Note: Nearshoring is calculated as reverse of trade-weighted average distance in km. Friendshoring is calculated as trade-weighted political proximity as measured by the United Nations voting patterns.



Protectionist measures are on the rise.

- ▶ Announcements of changes in the relative treatment of foreign versus domestic commercial interests on trade, investment and labor migration.



Source: UNCTAD Secretariat based on The Global Trade Alert.

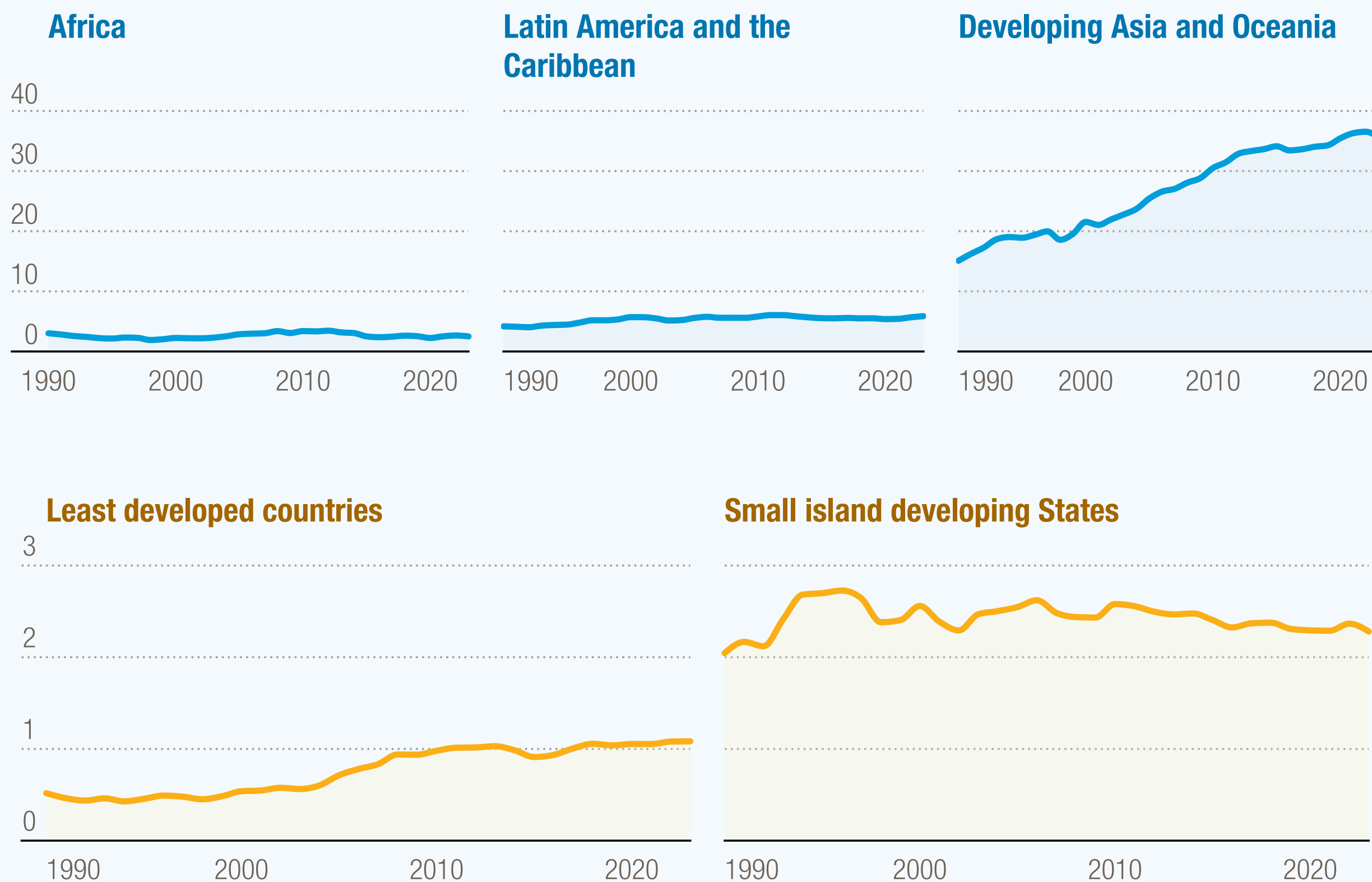
Note: Data includes central government statements, subnational actors, as well as public corporations and public financial institutions. Analysis focus on the relative treatment in the areas of trade in goods and services, investment as well as labour migration.



Poorer economies struggle to integrate into global markets.

In addition to structural challenges, the cost of trade policy fragmentation affects them disproportionately.

► Share in global merchandise exports between 1990 and 2023 (%)



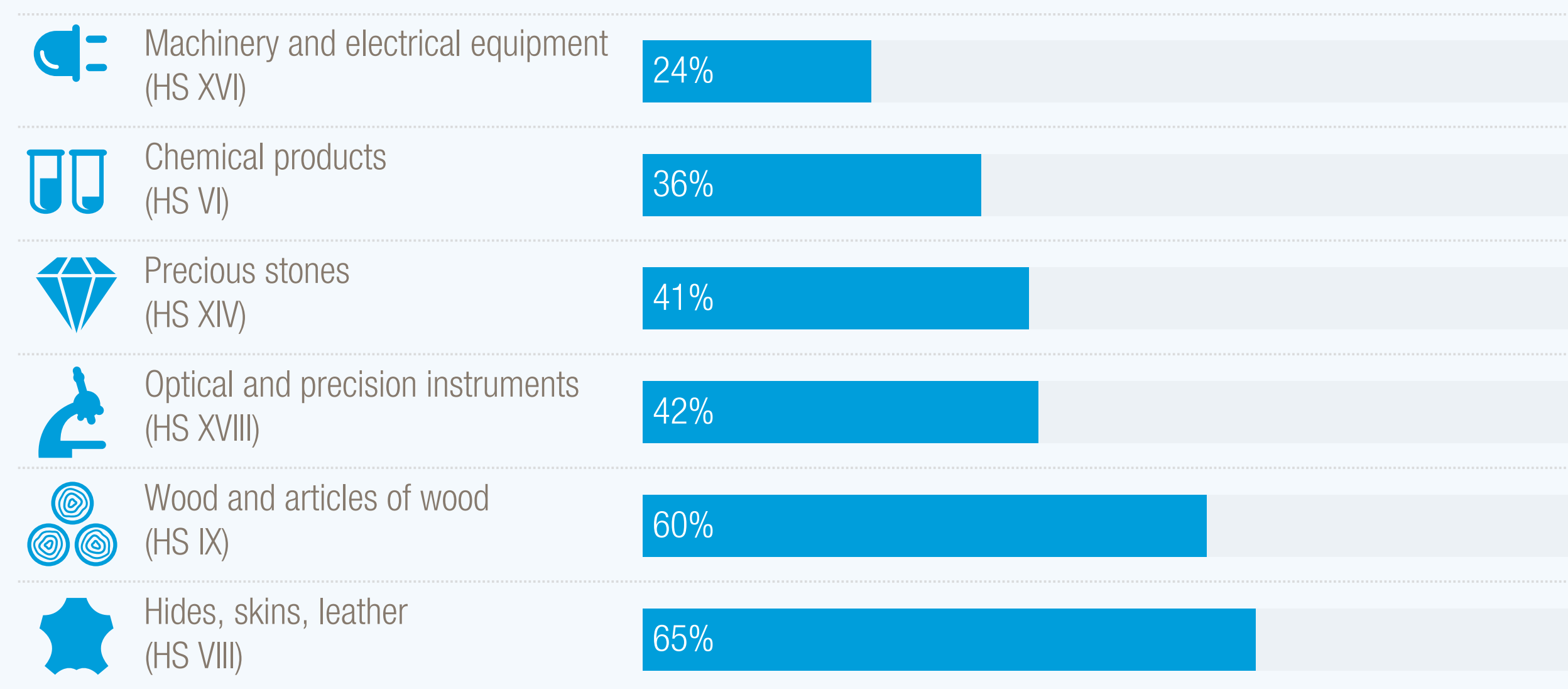
Source: UNCTAD Secretariat based on UNCTADstat.



Countries need new supportive measures to benefit from trade preferences and LDC graduation.

Multilateral initiatives aim to support the export growth of developing countries, yet many remain underutilized.

► Utilization of the Generalized System of Preferences (GSP) by least developed countries between 2021 and 2023, in % of all covered trade by sector



Source: UNCTAD Database on GSP utilization.

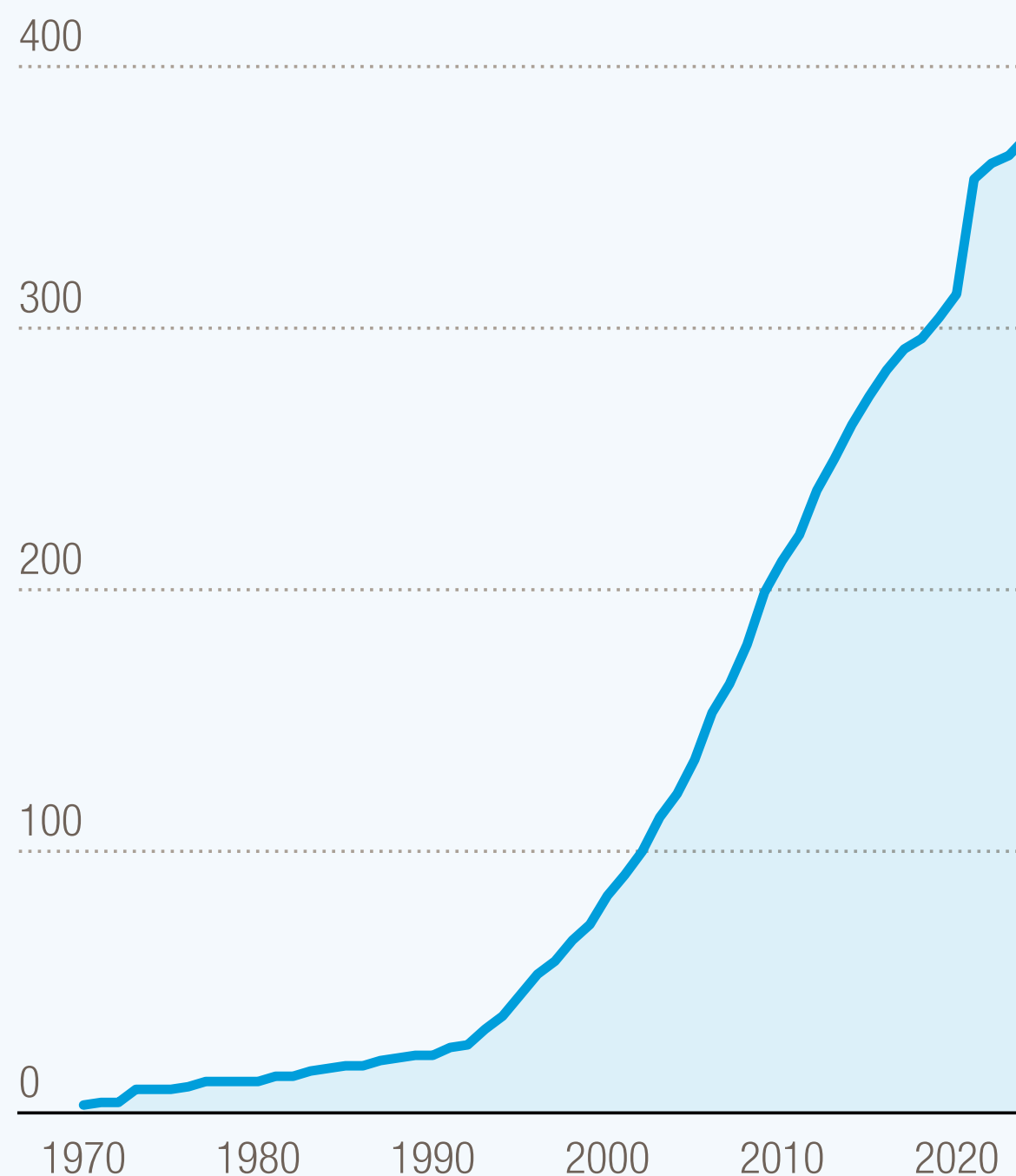
Notes: UNCTAD has held the mandate to monitor the utilization of the Generalized System of Preferences schemes since 1975 and, more recently, the trade preferences granted under the Duty-Free Quota-Free initiative in favour of LDCs. HS numbering refers to the sections of the Harmonized System to classify goods.



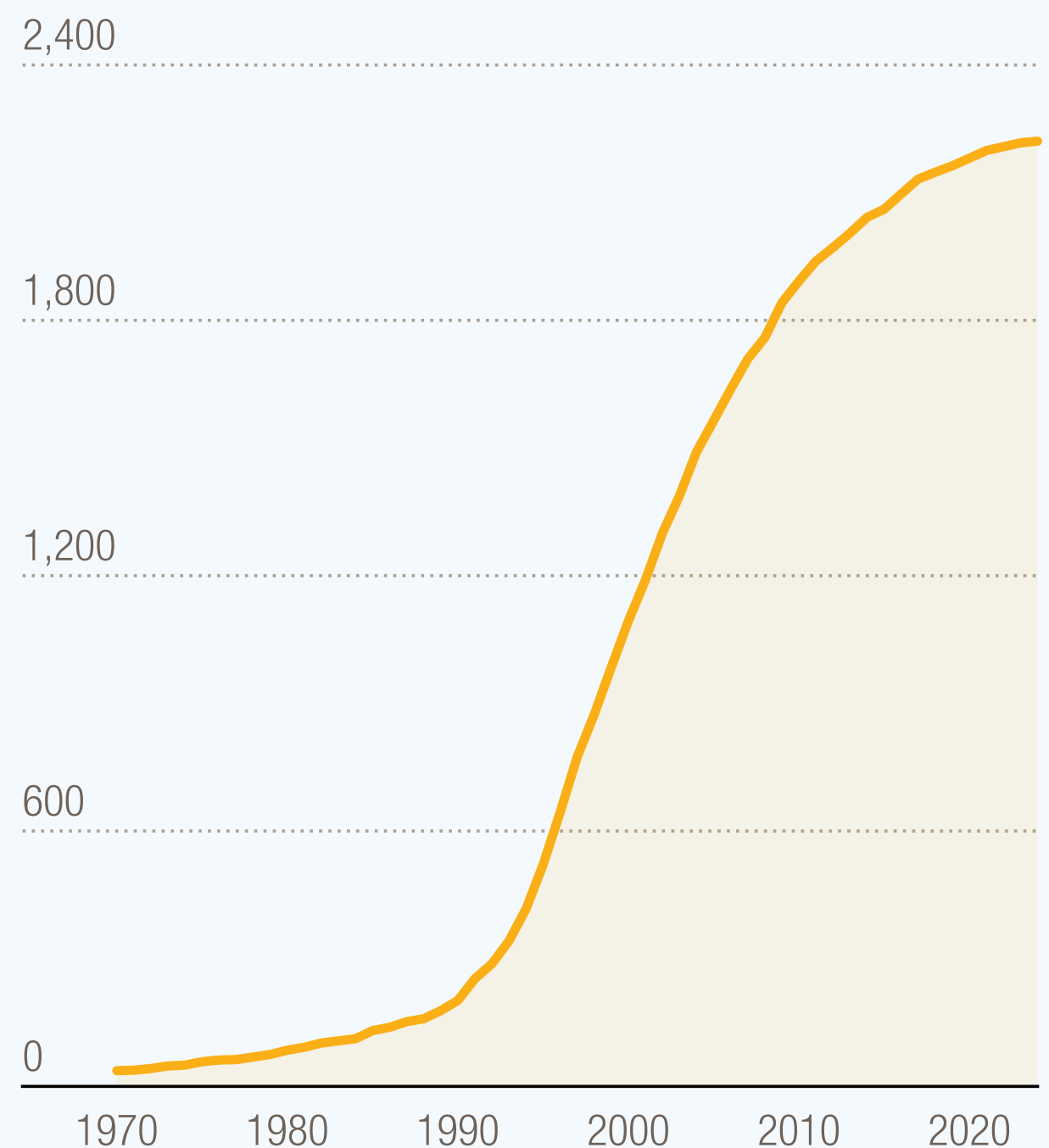
Regional and bilateral trade and investment agreements are proliferating.

- ▶ Number of regional trade agreements and international investment agreements in force over time

Regional trade agreements



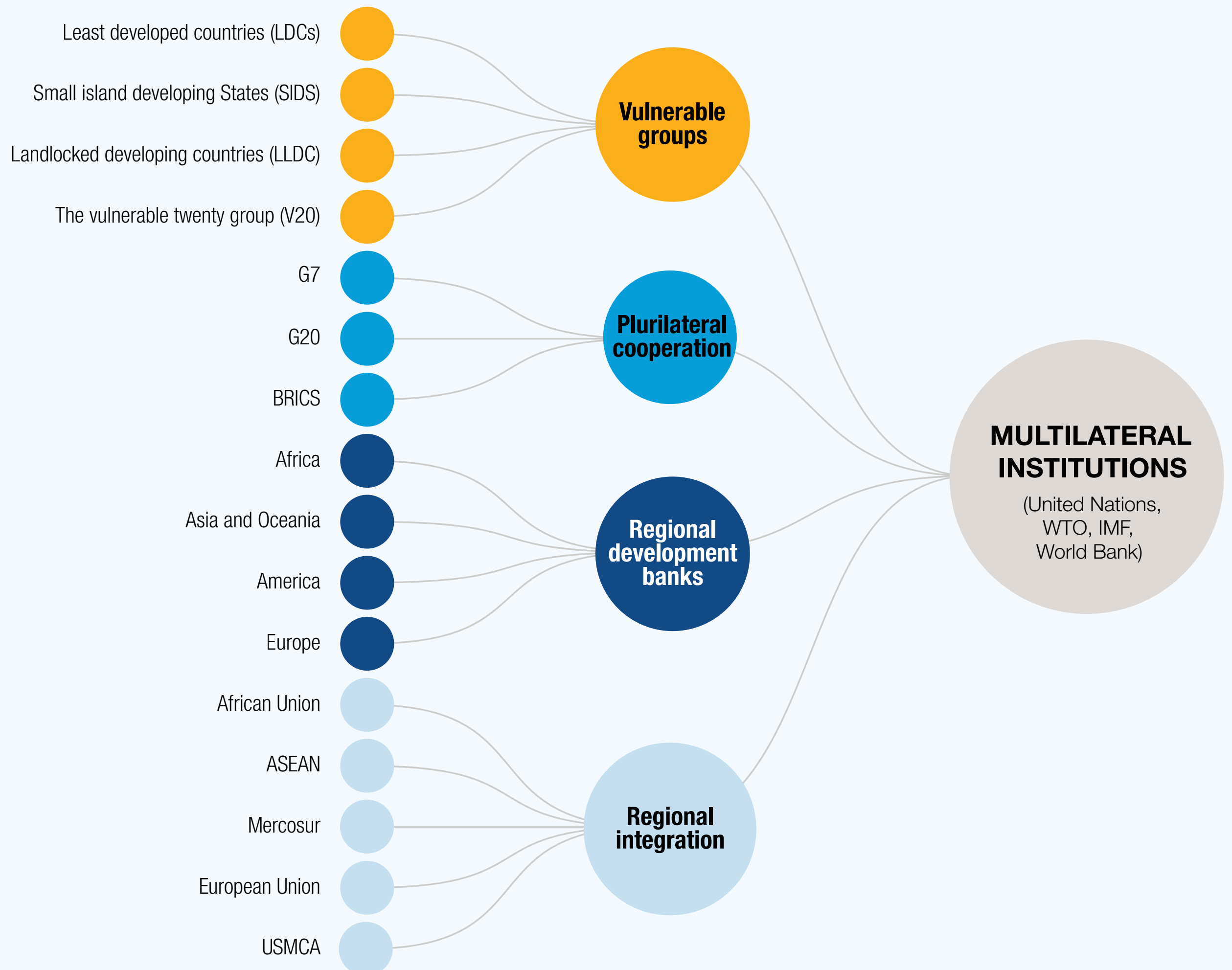
International investment agreements



Source: UNCTAD Secretariat based on International Investment Agreements Navigator and World Trade Organization.



The complexity of today's world requires networked multilateralism to strengthen the UN.



Source: UNCTAD Secretariat.

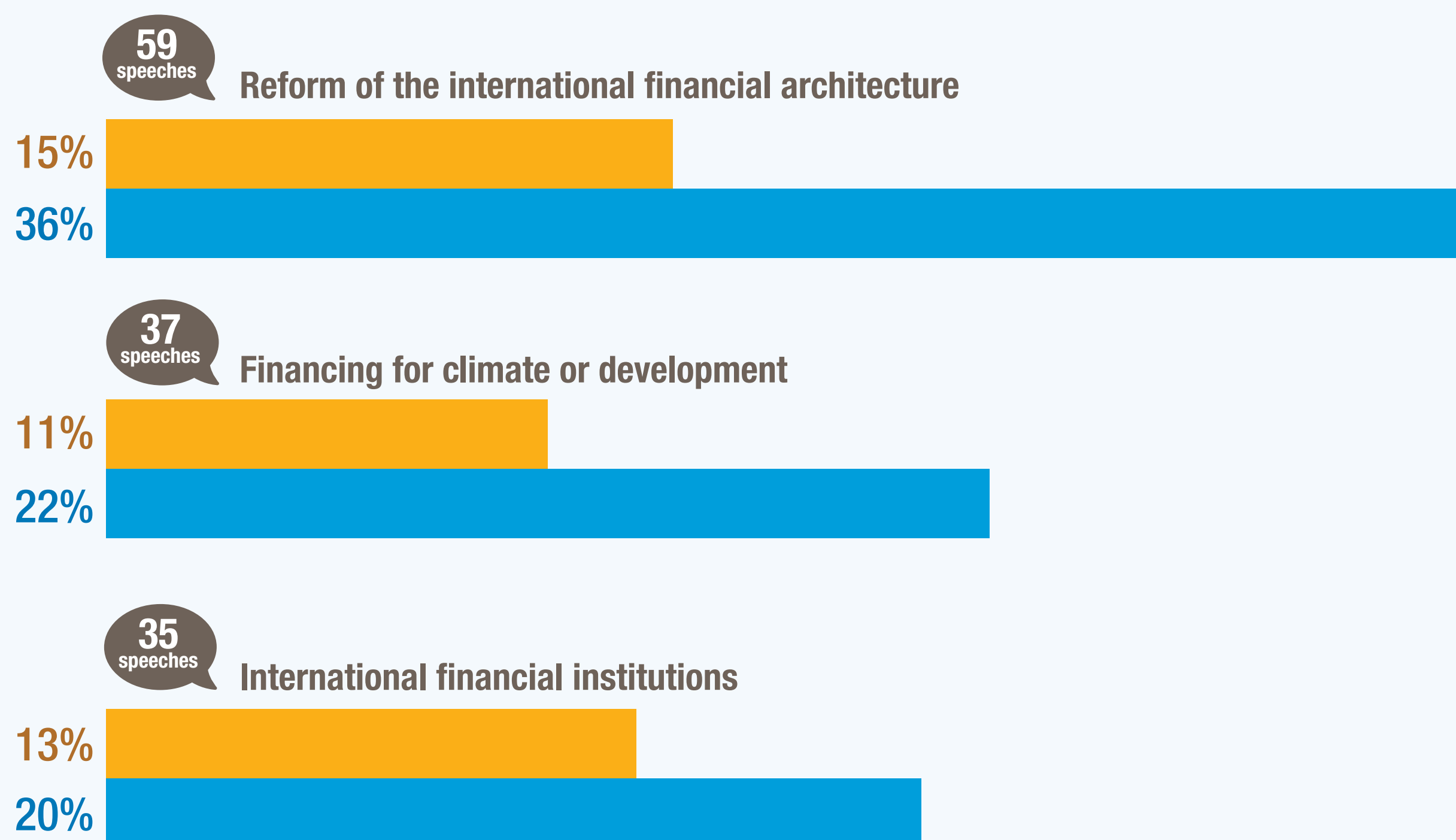
Note: The information contained in the figure is illustrative and not exhaustive.



Sustainable development needs a supportive financial architecture.

Share of speeches at the UN General Assembly by development status

■ Developed (%) ■ Developing (%)



Source: UNCTAD Secretariat based on 193 speeches of the General Debate at the 79th Session of the UN General Assembly, 24-28 and 30 September 2024.



“Multipolarity is a fact, multilateralism is a choice we must make.”

- **We support global governance reform** so that it fairly reflects the economic and demographic realities of today's world, as called for in the Pact of the Future.
- **We engage in networked multilateralism** to help build consensus both inside and outside UNCTAD, supporting our membership in doing the same with policy-oriented research and technical solutions.
- **We advocate for reforming the international trade and financial systems** to make them more equitable, inclusive, and development-oriented.
- **We invest in our capacity to cooperate, mediate, and forge a common path** towards a sustainable future.

CALL FOR ACTION





16 Actions for UNCTAD 16

More diversified economies

1

MINERALS. Positioning ourselves as a global knowledge hub for critical energy transition minerals to enable the twin transitions to clean energy and a digital economy, fostering structural change through value addition and domestic processing.

2

SERVICES. Expanding our work on services as a new frontier of economic diversification, ranging from traditional to knowledge-intensive and digital sectors, including creative economies, through data collection, policy analysis and technical assistance.

3

DIGITAL TECHNOLOGIES. Helping developing countries in leveraging data and digital technologies, including AI, for economic diversification and inclusive development, while reducing environmental impact. Build on the new GDC mandate on data governance and flows.

More inclusive, sustainable, and resilient economies

4

INDUSTRIAL POLICY FOR INCLUSION AND RESILIENCE.

Elevating our support to developing countries in building resilience and broad-based prosperity through structural transformation, enhanced productive capacities and increased economic complexity to address the challenges posed by climate change, inequality, and rapid technological advancements.

5

DEVELOPMENT DIMENSION OF TRIPLE PLANETARY CRISIS.

Advancing the discourse on the development dimension of climate/environment-related policies to foster international cooperation, climate finance, and help developing countries capture emerging business opportunities in the green, blue and circular economy.

6

INCLUSIVE TRADE.

Increasing our work to ensure a better integration of vulnerable economies into the global trading system – including African countries, LDCs, LLDCs and SIDS –, as well as ensuring that trade offers opportunities for all, including micro, small and medium-sized enterprises, women and youth entrepreneurs.

More abundant and stable finance for development

7

INVESTMENT AND SUSTAINABLE FINANCE.

Stepping up our support to member States to help them build a sustainable and innovative finance ecosystem, notably by supporting harmonized sustainability standards, updating investment treaties, and promoting investment flows towards developing countries at scale.

8

DEBT AND DEVELOPMENT. Supporting countries in their efforts to reform, through multiple international fora, the global debt architecture, develop debt sustainability methodologies and innovate tools, and assist in debt management and crisis prevention and resolution. At the same time, we will advocate for broader reforms around the Global Financial Safety Net and development finance to ensure new debt crises do not unfold in the future.

9

UNLEASHING DOMESTIC RESOURCES.

Promoting open and equitable international tax cooperation, helping developing countries to develop data and policies to address the challenges of illicit financial flows in a comprehensive and inclusive manner, and improve their ability to reap their full customs revenue through programs such as ASYCUDA.

More multilateralism in a multipolar world

10

INTERNATIONAL FINANCIAL ARCHITECTURE.

Investing in consensus building for the reform of the international financial architecture to make it more inclusive and fairer, ensuring it meets the development and climate financing needs of developing countries affordably, at scale, and with long-term horizon. Stepping up our advocacy efforts in relevant fora, such as ECOSOC and the G20.

11

MULTILATERAL TRADING SYSTEM.

Expanding support to developing countries in taking a leading role in reforming the international trade system, helping them navigate non-tariff measures, trade-restrictive policies, and the proliferation of conflicting standards. We will assist countries in advocating for WTO reform, to face growing protectionism through rules-based trade, and future-proof investment and trade policies.

12

NETWORKED MULTILATERALISM.

Enhancing our capacity to build consensus within UNCTAD, by building consensus outside, including in UN-wide processes as well as other regional, plurinational, and South-South international bodies and frameworks such as the African Free Continental Trade Areas, the G20, ASEAN, and others.

Cross cutting actions

13 **CRISES, SHOCKS AND DISRUPTIONS.**

Enhancing our capacity to more efficiently and effectively assess the socio-economic impacts of global shocks, disruptions to maritime chokepoints, and crises as well as their potential spillover effects in developing countries.

14 **GLOBAL COOPERATION.** Strengthening our support for North-South, South-South and triangular cooperation for sustainable and equitable development.

15 **DATA.** Expanding our data capabilities to harness the data revolution for evidence-based policymaking and the provision of new digital public goods.

16 **GENDER.** Implementing a cohesive trade and gender strategy, to foster a deeper understanding of the trade and women nexus and to provide tools, data and inclusive policies.

As the World changes, so must we.

UNCTAD must be



RESPONSIVE. Ensuring the organization remains nimble and attuned to the needs of member States, providing timely technical cooperation, facilitating consensus during crises, and communicating research to bring a development perspective to global shocks.



RAPID. Increasing our capacity for fast response, harnessing new methods to leverage real-time data, and building multi-stakeholder, agile networks of action to address emerging challenges and opportunities in a global economy.



RESULTS-BASED. Ensuring our actions have a tangible impact on the ground, focusing on operational efficiency, securing effective budget utilization, streamlining processes for better outcomes, and promoting interdivisional collaboration for a unified approach.



RELEVANT. Anticipating future trends to ensure our work remains impactful in a changing world and society.



It always seems impossible
until it's done.

– Nelson Mandela

