



**United Nations
Conference
on Trade and
Development**

Distr.
LIMITED

TD/B(S-XXIII)/L.5
5 October 2006

ENGLISH ONLY

TRADE AND DEVELOPMENT BOARD
Twenty-third special session, Part III
Geneva, 4 - 10 October 2006
Agenda item 4

UNCTAD, DEVELOPMENT AND THE WAY FORWARD

Draft agreed outcome submitted by the Group of 77 and China

The Trade and Development Board,

1. *Reaffirming* the outcomes of UNCTAD XI;
2. *Recognizing* that the full and effective implementation of the outcomes of UNCTAD XI will advance the broader international discourse on development and strengthen the United Nations' development machinery;
3. *Cognizant* of the holding of UNCTAD XII in Ghana in 2008;

UNCTAD, Development and the Way Forward

4. *Reiterates* UN General Assembly resolution 60/265, which recognizes, *inter alia*, that the United Nations should play a fundamental role in the promotion of international cooperation for development and the coherence, coordination and implementation of the internationally agreed development goals, including the Millennium Development Goals, and resolves to strengthen coordination within the United Nations system, in close cooperation with all other multilateral financial, trade and development institutions, in order to support sustained economic growth, poverty and hunger eradication, and development.

5. *Agrees* that:

- (i) UNCTAD plays a critical role in the field of development and that its role in forging consensus on development-related issues must be strengthened in order to provide positive contributions to work in related forums;

- (ii) Closer collaboration and coordinated actions must be undertaken by relevant UN entities, including UNCTAD and the regional commissions, as well as other intergovernmental organizations and stakeholders from developing countries, to develop policy options which harness emerging opportunities while mitigating the negative aspects of the global economy on developing countries;
- (iii) The work of UNCTAD in all of its three pillars is focused on output that will foster a more conducive international environment for development and assist developing countries to implement their nationally designed and owned development strategies in a flexible manner;
- (iv) UNCTAD shall contribute substantively to the follow-up to the International Conference on Financing for Development (FfD), and ensure that its participation in and contributions to such process shall contribute to the preparatory work for UNCTAD XII;
- (v) The level of support and substantive contributions of UNCTAD, in all of its three pillars, to South-South cooperation and integration initiatives must be substantially increased in a manner which enhances its effectiveness as a complement to North South cooperation. In particular, UNCTAD shall assist the Group of 77 and China in the conduct of a mid-term review of the implementation of the outcomes of the 2nd South Summit at UNCTAD XII;
- (vi) UNCTAD shall contribute substantively towards development-oriented issues and processes at the regional and sub-regional level with a view to enhancing its visibility and maximizing the outreach of its research and analytical work;
- (vii) UNCTAD shall take into account that the various ongoing development-related processes form part of the *de facto* preparatory work for UNCTAD XII, and that this be incorporated in the work of UNCTAD's three pillars with the objective of ensuring that UNCTAD XII shall, *inter alia*, integrate the relevant dimensions of related work throughout the United Nations system.

Globalization and Development

6. *Recognizes* that globalization and the pace and direction of global economic integration has taken place in an unbalanced manner across various economic sectors and has presented both opportunities and challenges and that its benefits have been unevenly spread. Globalization has allowed some countries to sustain economic growth and development while presenting serious challenges to others. In order to fully harvest the benefits of globalization, the international economic system must present all countries, particularly developing countries, with a wider choice of policy instruments to more effectively pursue their nationally owned and formulated development priorities. Hence, globalization must be effectively managed and its benefits equally distributed in order to harness its positive effects while mitigating its negative consequences;

7. *Agrees* that a comprehensive strategy to rectify the current asymmetrical trajectory of globalization must, *inter alia*, include operationalisation of the concept of policy space through the provision of a greater range of development policy choices, enhanced

international economic policy coordination, reform of the international financial architecture, including measures to prevent and mitigate financial crises, and a comprehensive approach to dealing with present and potential debt problems of all developing countries;

8. *Agrees* that to maximize the benefits of globalization for developing countries, including in sectors and areas of comparative advantage and special interest to these countries, UNCTAD shall in its three pillars of work, *inter alia*:

- (i) Work to revitalize a global partnership for development that would include, among others, a commitment by the international community to make globalization work for development and poor in a symmetrical manner. This can be done by updating structures that have an impact on global economic governance to make them more democratic, responsive and relevant in the face of current realities, and through the international community's support for varied and flexible national development strategies through increased development assistance for capacity building, particularly in areas that carry the potential to enhance the competitiveness of developing countries in the international economic system;
- (ii) Use its intergovernmental machinery to build a stronger global consensus on development-related issues as they are affected by globalization;
- (iii) Promote and support the efforts of all countries to deliver on their development-related commitments and to work together on strengthening global structures to ensure stable, complementary and mutually reinforcing multilateral trading, monetary and financial systems which will advance the development of all countries;
- (iv) Engage in specific activities to contribute towards strengthening the intergovernmental consensus on policy space, including operationalizing ways and means for addressing the challenges and opportunities which the issue presents and evolving a methodology for the integration of such a concept in development strategies;
- (v) Continue and enhance activities by the unit for LDCs to mitigate the negative consequences on them resulting from the process of globalization and liberalization;

Coherence for Development between National Development Strategies and International Economic Processes

9. *Stresses* that poverty eradication in and development of developing countries can only be achieved through a coherent approach to development, supported by an enabling international environment, including full implementation of internationally agreed commitments, and guided by nationally-owned and developed development strategies. Existing international economic processes and structures that continue to marginalize developing countries, in particular LDCs, and contribute to their continued underdevelopment should be improved accordingly with a view to strengthening international cooperation for development.

10. *Agrees*, therefore, that UNCTAD shall, in its three pillars of work, *inter alia*:
- (i) Contribute towards a development-oriented coherence between international economic processes and structures and national development strategies in a manner that enables the international monetary, financial, and trading systems to afford space for developing countries to tailor, apply and implement policies and measures in accordance with country-specific needs and priorities;
 - (ii) Help developing countries to achieve a balance between the objectives of efficiency and equity in their national development strategies. This shall, among others, include the interaction between the state and the market as well as their respective roles in the process of economic development with a view to attaining equitable income distribution and poverty eradication;
 - (iii) Support developing countries in the intensification of efforts to ensure a development-focused outcome of the WTO's Doha Work Programme and thereby ensure that trade and trade-related policies and processes as well as the development of commodities maximize development gains and contribute to poverty eradication. In particular, UNCTAD shall in its three pillars of work, *inter alia*:
 - (a) Strengthen its contributions to national, regional and international policy efforts to resolve the trade and development problems associated with commodity dependence through the three main pillars of its work, including operationalizing expeditiously the multi-stakeholder consultative process on commodities, mandated by UNCTAD XI, on those issues identified in the Sao Paulo Consensus (Annex, section B, paragraph 3), as well as those highlighted in, as follow-up to, the recommendations addressed to UNCTAD in the report of the Meeting of Eminent Persons on Commodity Issues (Sao Paulo Consensus, paragraph 100);
 - (b) Assist developing countries in the design of macroeconomic policies aimed at their beneficial integration into the global economy;
 - (c) Assist developing countries, including through special and differential treatment, which constitutes a guiding principle for trade negotiations so that these countries continue to maintain certain flexibilities, especially with respect to tariffs on industrial goods, so as to ensure that the risk for de-industrialization as a result of industrial goods tariff liberalization is reduced;
 - (d) Assist in obtaining meaningful results in agriculture, including elimination of export subsidies, substantive reduction of domestic support and substantial improvements of market access while addressing the food security, livelihood security and rural development needs of developing countries and concerns of net-food-importing developing countries;

- (e) Assist in achieving a balanced and proportionate outcome with a comparable high level of ambition both in agriculture and NAMA negotiations;
 - (f) Assist LDCs' to get duty-free quota-free market access for their products into the developed countries, and developing countries declaring themselves in a position to do so, in line with the terms agreed in decision 36 in annex-f of the Hong Kong Ministerial Declaration;
 - (g) Provide meaningful resources to assist developing countries build institutional frameworks and structures to engage in multilateral trade negotiations including through existing institutions involved in trade and development. In this regard, UNCTAD, based on its experience, competence and development orientation, can and should play an important role in the Aid for Trade initiative, and in this context should be strengthened as one of the key entities providing assistance to developing countries;
 - (h) Continue its work on trade and development-related issues under the São Paulo Consensus, including but not limited to, its work on non-tariff barriers, competition policy, trade and environment, intellectual property and trade, debt and finance;
- (iv) Work to increase the level of financial, physical, technical, and technological resources available to developing countries so as to enhance their capacity to engage effectively in the global economy and pursue development. In this regard, UNCTAD shall, *inter alia*:
- (a) Assist debt-ridden developing countries, especially HIPCs, achieve wider, deeper and durable debt relief, including through innovative means and mechanisms of financing;
 - (b) Foster an enabling international environment to facilitate external private financial flows/investment, as an engine of development, including in those sectors that promote technology generation and technology transfer;
 - (c) Support the establishment of an international facility for mitigating investment-related risks, in particular in LDCs, in collaboration with existing international institutions that provide such services;
 - (d) In collaboration with other relevant organizations, establish an effective monitoring mechanism for the achievement of the internationally agreed targets for ODA of 0.7 per cent of GNP to developing countries and 0.15 per cent to 0.2 per cent of GNP to least developed countries in an expeditious and time-bound manner;
 - (e) Support and make operational, in collaboration with other relevant organizations, the principle of international cooperation for development. Such cooperation should be premised on the principles of mutual respect,

common but differentiated responsibilities, the elimination of conditionalities not based on objective criteria addressing specific development-related factors, and the elimination of unilateral coercive measures;

- (f) Ensure that its technical cooperation be demand-driven, need-based and tailored to country and/or regional specific circumstances. Such assistance should be sustainable with adequate funding that will allow for the development of domestic productive capacities in developing countries;
- (g) Continue its work on building a stronger ethos of corporate developmental responsibility and good corporate governance of transnational corporations to ensure that the business sector will be a positive agent of development, including the development of policies and encouragement of actions that home countries of investors can introduce to encourage private financial flows and technology transfer to developing countries;
- (h) Continue to work on the issue of transfer of technology in view of the critical role that science and technology can play in the achievement of development goals. Transfers of technology must have a broad scope and its modalities should include FDI, firm-to-firm transfer, capacity building, private/public partnerships, technical assistance, and associated flexibilities with respect to intellectual property rights;
- (v) Strengthen its work on South-South cooperation, including through the Global System of Trade Preferences among Developing Countries (GSTP), in the overall context of multilateralism, and in view of recent developments as manifested through the new geography of international economic relations, and, in this regard, give its full support to a successful conclusion of the São Paulo Round of the GSTP negotiations, launched during UNCTAD XI; and
- (vi) Effectively implement UN General Assembly resolution 60/265 which calls, *inter alia*, for Member States and the United Nations system to translate all commitments made at the major United Nations conferences and summits in the economic, social and related fields into concrete and specific actions;

UNCTAD, the UN Reform Process, and Development

11. *Recognizes* that the United Nations is the only global governance institution with the credibility and capacity to serve as a forum for the development and refinement of global solutions to global problems, including in the area of development. All countries must be engaged equally in order to ensure that the UN reform process adequately takes into account their needs and interests; that such process will serve to strengthen the UN's key role in development; and that UNCTAD, with the universality of its membership, should continue to play its unique and important role within the UN system. Any implications of the current UN-reform process for UNCTAD must be led and driven by UNCTAD's intergovernmental machinery.

12. *Agrees* that as the focal point in the UN system for the integrated treatment of trade, development, and related issues, and to strengthen its ability to deliver on its three pillars of work, UNCTAD shall, *inter alia*:

- (i) Enhance the integrity and independence, both financial and intellectual, of the UNCTAD secretariat, including by increasing its regular budget and ensuring this budget is adequate and can sustainably support its operations;
- (ii) Identify and recommend practical and effective ways and means of mobilizing the expertise and funds that are currently available within the UN system in support of national development plans, programmes and priorities;
- (iii) Improve the relevance of UNCTAD's intergovernmental consensus-building processes by focusing these on the production of negotiated consensual outcome documents for the guidance of international activities on trade and development matters. These outcomes should, *inter alia*, provide clear policy conclusions; develop soft law or hard law instruments, as appropriate, designed to reflect and implement such conclusions; and provide the UNCTAD secretariat with clear policy guidelines and mandates to require it to work on its three pillars on issues of interest to developing countries;
- (iv) Provide technical assistance and cooperation that is needs-based and demand-driven and increasingly supported from UNCTAD's regular budget;
- (v) Contribute to the work of the UN General Assembly, including its Second Committee, through stronger and more focused input into the deliberations of the UNGA on matters pertaining to trade and development;
- (vi) Substantively contribute to the follow-up and implementation of major meetings and conferences on economic, social and related fields including the forthcoming review of the International Conference on Financing for Development (UNFfD), including through research and policy analysis, and the provision of technical assistance to developing countries to ensure their effective participation in these processes.