

# United Nations Conference on Trade and Development

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## Accra Accord\*

### Introduction

### Addressing the opportunities and challenges of globalization for development

1. Since the turn of the century, the fast-accelerating globalization of trade and capital flows has brought rapid economic growth to many countries, including developing countries and countries with economies in transition. Following an extraordinary increase in their exports, many of these countries have significantly increased their real income and enjoyed growth in employment and a reduction in poverty. Some appear to be on track to meet the Millennium Development Goals.

2. However, these advances have not been shared by all. A number of developing countries, particularly the least developed countries, have not fully participated in the global boom. In Africa, the host continent of UNCTAD XII, nearly half of all countries have not been lifted sufficiently by the recent economic recovery, although they have made efforts to face the challenges of globalization. Their growth rate did not increase in the period 2000–2006 as compared with 1995–2000, or else it remained below 3 per cent.

3. For developing countries to reap the benefits of globalization in the future, there is a need to address the impact of commodity dependence, including the volatility of prices, the pro-poor and transparent allocation of revenues as well as the diversification of production structures in economies dependent on a few commodities. All developing countries, in particular the least developed, have to build productive capacity, ensure access to basic services and strengthen their legal and regulatory frameworks and institutions.

4. The pro-development impact of globalization is not a given, but needs to be supported by political decisions and actions. Development policies and strategies at the national, regional and international levels should aim to address development opportunities and challenges, while at the same time harnessing the positive forces of globalization. National and regional efforts should be complemented by supportive global actions and by measures and policies aimed at expanding the developmental opportunities of developing countries, while taking into account national conditions and ensuring respect for national ownership, strategies and sovereignty. Recognizing the interplay between the economic social and

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environmental dimensions of globalization, these policies should be tailored to the specific needs and circumstances of each country.

5. The increasing interdependence of national economies in a globalizing world and the emergence of rules-based regimes for international economic relations have meant that the space for national economic policy, that is, the scope for domestic policies, especially in the areas of trade, investment and industrial development, is now often framed by international disciplines, commitments and global market considerations. It is for each Government to evaluate the trade-off between the benefits of accepting international rules and commitments and the constraints posed by the loss of policy space. It is particularly important for developing countries, bearing in mind development goals and objectives, that all countries take into account the need for appropriate balance between national policy space and international disciplines and commitments.

6. Good governance at all levels, freedom, peace and security, domestic stability, respect for human rights, including the right to development, the rule of law, transparency, gender equality, market-oriented policies and an overall commitment to just and democratic societies are essential to all countries to attain sustainable and equitable growth and development. Sustained economic growth, poverty eradication and employment creation, further require sound economic policies and solid democratic institutions responsive to the needs of the people. Both the role of the State and the role of the market are vital for designing and implementing successful development strategies, reducing poverty and attaining equitable income distribution, building physical and human infrastructure and addressing market failures where they occur.

7. The emergence of new major global players among developing countries and among countries with economies in transition has been a particularly important feature of the globalization experience of recent years. While asymmetries in international economic relations remain, the new geography of the global economy has the potential to broaden the spectrum of multilateral cooperation and to promote the integration of all developing countries in the long term. South–South economic cooperation complements rather than substitutes North–South cooperation, and can contribute to balanced global growth and development.

8. In an increasingly complex global economy, UNCTAD has an important role to play as an institution with universal membership and a mandate to serve as the focal point of the United Nations for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development. Increasing interdependence in the globalized economy lends UNCTAD XII additional significance.

9. The Accra Accord builds upon the São Paulo Consensus while providing updated policy analysis and policy responses as well as guidelines to strengthen UNCTAD and to enhance its development role, its impact and its institutional effectiveness. UNCTAD should examine new and long-standing issues which can foster a better understanding of the feasible ways and means of ensuring that the positive impact of globalization and trade on development is maximized.

10. While working in support of all developing countries and countries with economies in transition, UNCTAD should enhance its work on the special problems of the African continent and of the least developed countries. UNCTAD should also, as appropriate, enhance its work on the special needs and problems of small island developing States, landlocked developing countries and other structurally weak, vulnerable and small economies. It should also assist transit developing countries with their special challenges in relation to infrastructure and transport.

11. UNCTAD, within its mandate, should make a contribution to the implementation and follow-up to the outcomes of relevant global conferences. It should continue to contribute to the achievement of the internationally agreed development goals, including the Millennium Development Goals. With all aspects of its work it will help to implement the global development agenda and pave the way to 2015. It should also contribute to the implementation of specific actions requested in the 2005 World Summit, the Programme of Action for the Least Developed Countries for the Decade 2001–2010, the Monterrey Consensus of the International Conference on Financing for Development, the Johannesburg Plan of Implementation agreed at the World Summit on Sustainable Development, and the Declaration of Principles and the Plan of Action of the World Summit on the Information Society. It should also contribute to furthering the implementation of the internationally agreed goals in the Doha Ministerial Declaration and other relevant decisions.

## **I. Sub-theme 1: Enhancing coherence at all levels for sustainable economic development and poverty reduction in global policymaking, including the contribution of regional approaches**

### **A. Policy analysis**

12. Over the past two decades, national economic reform agendas have increasingly relied on market forces for more efficient resource allocation, focusing on improvements in the incentive structure and reduced State intervention. In the last five years, these policies, combined with favourable global conditions, have contributed to promoting overall growth in income and stability in many countries. However, proactive policies, at the national and international levels, that support capital accumulation and enhance productivity have been used for the successful integration of all developing countries into international economic relations and for sustained improvements in the welfare of all groups of the population.

13. Regional integration and cooperation, including through specific initiatives and agreements, have become a prominent feature of the international economic landscape. Geographical and cultural proximity offers considerable advantages in a range of economic areas. The further integration of developing countries and regions can contribute substantially to supporting national development agendas and fostering economic growth and efficiency, including by providing new trading opportunities and generating benefits of economies of scale for participating countries, and it is particularly important for countries of small economic size. Given the growing number of regional integration initiatives, their impact on developing countries deserves special attention taking into account different levels of development.

14. In order to complement national development efforts, there is an urgent need to enhance the coherence, governance and consistency of the international monetary, financial and trading systems. To contribute to that end, it is important to continue to improve global economic governance and to strengthen the leadership role of the United Nations in promoting development. With the same purpose, efforts should be strengthened at the national level to enhance coordination among all relevant ministries and institutions. Similarly, policy and programme coordination of international institutions and coherence at the operational and international levels should be encouraged in order to meet the Millennium Declaration development goals of sustained economic growth, poverty eradication and sustainable development.

15. Fast growth in the world economy in recent years has been associated with large current-account and capital-account imbalances. An orderly unwinding of global imbalances is a shared responsibility. It is important to promote international financial stability and sustainable growth. The efforts undertaken to this end by the International Monetary Fund and the Financial Stability Forum, as well as the consideration by the International Monetary and Financial Committee of ways to sharpen tools designed to promote international financial stability and enhance crisis prevention, are welcomed.

16. The past few years have been characterized by a favourable international environment for the external debt of developing countries. Improved global liquidity and policy improvements in developing countries have reduced risk aversion among international investors and resulted in large flows of private capital to middle-income developing countries. However, recent episodes of financial turmoil indicate that these favourable conditions may not last forever. Moreover, some countries, including a few developing countries and countries with economies in transition, are still characterized by large current-account deficits.

17. Effective public finance, including taxation, is an essential element in financing development. However, in many developing countries the current effective tax base is too small to generate adequate public revenues, and the institutional capacities for tax collection and redistribution policies are often weak. Official development assistance (ODA) can help a country to reach adequate levels of domestic resource mobilization over an appropriate time horizon, while human capital and productive and export capacities are enhanced. For many countries in Africa, least developed countries, small island developing States and landlocked developing countries, ODA is still the largest source of external financing and is critical to the achievement of development goals and targets in national development strategies as well as those of the Millennium Declaration and other internationally agreed development targets. Thus, effective aid flows and cooperation in their delivery can be vital to efforts to achieve national and internationally agreed development goals while countries pursue efforts to develop sufficient domestic resources. Despite debt relief initiatives, many developing countries still face financing challenges and require continued international support. ODA commitments, including those by many developed countries to achieve the ODA target of 0.7 per cent of gross national product by 2015, should be fulfilled in the context of the global partnership based on shared responsibilities. The substantial new aid commitments made by many donors should make it possible for net nominal ODA to surpass its current levels, already reached in the early 1990s.

## **B. Policy responses**

18. Efforts by developing countries to achieve the internationally agreed development goals should be firmly rooted in a global partnership for development and a strong United Nations system that is responsive and accountable to the needs and priorities of all countries, particularly the developing countries.

19. Policy diversity can help countries attain their development priorities and objectives. The diversity of economic conditions, cultures, human capital and historical experiences means that, while general principles for achieving sustained economic growth and human development can be identified, there is no one precise model for improved, growth-enhancing governance and institutions. The specific policies and practices required for improved, growth-enhancing governance and institutions should be based on detailed and rigorous diagnostic analysis that identifies binding constraints on private-sector-led growth and development. Thus,

national strategies for development should take into account the needs and circumstances of each country.

20. States are strongly urged to refrain from promulgating and applying any unilateral economic, financial or trade measure not in accordance with international law and the Charter of the United Nations that impedes the full achievement of economic and social development, particularly in developing countries, and that affects commercial interests. These actions hinder market access, investments and freedom of transit and the well-being of the population of affected countries.

21. Each country has primary responsibility for its own economic and social development, and the role of national policies and development strategies cannot be overemphasized. National development efforts should be supported by an enabling national and international economic environment, and the effective implementation of a national development strategy can benefit from supportive regional and global policy measures and greater coherence in the international monetary, financial and trading systems. Sustainable development requires, at the national and international levels, pro-growth macroeconomic policies that take into account their environmental and social impact, and efficient structural policies. Such policies should be accompanied by strengthened efforts to improve government effectiveness, regulatory quality, transparency and accountability. Trade policies should be fully integrated into a sound domestic policy framework and national development strategies. Poverty reduction and trade should be incorporated into the United Nations Development Assistance Frameworks (UNDAFs).

22. There are close links between sustainable development and poverty reduction and the empowerment of women and they are important for the achievement of the internationally agreed development goals. Gender equality and women's empowerment should be mainstreamed in development policies and practices.

23. At the national level, coherence between macro- and microeconomic policies is crucial. Microeconomic and structural policies can be designed to provide incentives for investment that can bring about productivity growth and improve the international competitiveness of domestic enterprises. The impact of policies to foster industrial development and technological upgrading can be enhanced by policies to attract foreign direct investment and trade and competition policies. Macroeconomic policies and domestic investment incentives are more likely to succeed in stimulating investment when they are complemented by structural and technological change. Trade integration is most effective when it is connected with technological upgrading and increases domestic value-added through a network of domestic forward and backward production linkages.

24. The macroeconomic management of higher fiscal and foreign-exchange earnings from commodity exports should aim to ensure that the current boom in commodity prices contributes to sustainable development, including through structural change and reforms, strengthened revenue collection and appropriate transparency, diversification, industrialization and sustainable employment creation. Resource-rich developing countries, with the support of the international community, should also use rising resource rents to ensure long-term sustainability, by investing in material and human capital and by addressing employment and social needs.

25. In developing countries, the imperatives of enterprise development and structural change imply the provision by institutions of mechanisms to implement policies designed to achieve high rates of investment and the adoption of new technologies. The guiding principle behind institutional reform should be to address the information, coordination and communication failures that undermine entrepreneurial decision-making and to improve transparency.

26. The participation of developing countries and countries with economies in transition in international economic decision-making and norm-setting should be broadened and strengthened. Efforts to reform the international financial architecture continue to be important, given that enhancing the voice and participation of developing countries and countries with economies in transition in the Bretton Woods institutions remains a continuous concern.

27. Regional cooperation among developing countries, as well as integration where pursued, can reinforce national development strategies and multilateral agreements and enhance developing countries' output growth, trade and influence. Such cooperation can deliver substantial development gains if it extends beyond trade liberalization and encompasses policies in support of growth, stability, industrial development, infrastructure, employment and structural change, it can also support innovative approaches and expand the policy options for development. Regional monetary and financial cooperation could be an important consideration in the further evolution of the international monetary system. Regional financing mechanisms, such as regional development banks or regional capital markets, can complement international institutions and provide long-term sources of finance, especially for small economies that do not have well-developed domestic financial markets. Another positive form of cooperation involving a region's central banks relates to trade facilitation and short-term financing. Regional arrangements to promote stable exchange rates among countries within a region that enjoy a high and increasing share of intraregional trade and financial flows can be an important element in establishing a common market.

28. There is a need to enhance the role of regional and subregional agreements and free trade areas, consistent with the multilateral trading system, in the construction of a better world trading system. International financial institutions, including the regional development banks, should continue to support projects that promote subregional and regional integration among developing countries and countries with economies in transition.

29. Monetary and financial stability at the national and international level and crisis prevention are important for sustainable development and growth. All countries can contribute to international financial stability by promoting transparent, predictable and effective regulatory regimes. At the national and international levels, monetary and financial stability has to be underpinned by effective institutions identifying and preventing potential crises. At all levels this requires transparent, accurate and timely macroeconomic data, regular monitoring of debt structures and a comprehensive analysis of international capital flows.

30. Multilateral surveillance needs to remain at the centre of crisis prevention efforts and should focus not only on crisis-prone countries but also on the stability of the system as a whole. Measures to mitigate the impact of excessive volatility of short-term capital flows and to improve transparency of and information about financial flows are important and must be considered.

31. Measures to deepen the resilience of economies to external and domestic shocks are also vital to crisis prevention efforts and should be enhanced. Beyond efforts to strengthen financial stability, policy measures and technical assistance to enhance the authorities' responsiveness to risk, including strengthening macroeconomic management, mobilizing domestic resources and enhancing debt sustainability, are important.

32. Debt sustainability is essential for underpinning growth and, with effective debt management, is important to efforts to achieve national development goals. Debt sustainability analyses play a vital role in identifying the potential for debt crises. Financial resources liberated through debt relief should be directed towards

activities consistent with poverty eradication, sustained economic growth, sustainable development and the achievement of the internationally agreed development goals, including the Millennium Development Goals. Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative should be fully and timely implemented and additional resources should be provided to ensure that the financial capacity of the international financial institutions is not reduced. There is a need for all creditors, including non-Paris club and commercial creditors to participate in this effort on an equitable basis. Donors are urged to ensure that their commitments to the multilateral debt relief initiative and the HIPC Initiative be additional to existing aid flows. Creditors and debtors are encouraged to fulfil their commitments as rapidly as possible and to engage in responsible borrowing and lending practices to achieve debt sustainability. Where appropriate, on a case-by-case basis, mechanisms such as debt swap should continue to be used.

33. In the area of ODA, quantity and quality issues raise complex analytical challenges. Neither measuring the quantity of aid nor measuring its quality or its effective use is an easy exercise. Further cooperation among development partners and the relevant international institutions, including the non-DAC partners of development finance where appropriate, can improve country ownership, the closer alignment of external resources to national development priorities and mutual accountability. In this respect, the Paris Declaration on Aid Effectiveness has made an important contribution, on which the United Nations system can build. The Conference welcomes the increased resources that will become available as a result of the establishment of timetables by many developed countries to achieve the target of 0.7 per cent of gross national product for official development assistance by 2015 and to reach at least 0.5 per cent of gross national product for official development assistance by 2010 as well as, pursuant to the Brussels Programme of Action for the Least Developed Countries for the Decade 2001–2010, 0.15 per cent to 0.20 per cent for the least developed countries no later than 2010, and urge those developed countries that have not yet done so to make concrete efforts in this regard in accordance with their commitments.

34. International cooperation should continue to be supportive of the development efforts of middle-income countries taking into account their economic and social characteristics and circumstances as well as their specific needs and priorities.

### **C. UNCTAD's contribution**

35. UNCTAD, as the focal point within the United Nations system for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development, should conduct research into and analysis of macroeconomic policies, trade, investment, finance, debt and poverty, and their interdependence. Such research should be used to help developing countries to meet their development goals, including poverty eradication, to improve the welfare of their citizens and to address the opportunities and challenges created by globalization.

36. UNCTAD should continue its important role and specificity in delivering policy analysis and identifying policy options at the global and national levels. In its work on globalization and development strategies, UNCTAD should focus on:

- (a) Identifying specific needs and measures arising from the interdependence between trade, finance, investment, technology and macroeconomic policies from the point of view of its effect on development;

- (b) Contributing to a better understanding of coherence between international economic rules, practices and processes, on the one hand, and national policies and development strategies, on the other;
- (c) Supporting developing countries in their efforts to formulate development strategies adapted to their specific circumstances and to the opportunities and challenges of globalization;
- (d) Addressing the complex and wide-ranging special needs and problems faced by landlocked developing countries, small island developing States and other structurally weak, vulnerable and small economies; and
- (e) Contributing to the global development policy debate by highlighting the inter-linkages between globalization, trade and development indicators based on reliable and timely statistics.

37. UNCTAD's expertise should be used to explore how globalization can support inclusive and equitable development, sustainable growth and appropriate development strategies, including an enabling environment for the private sector. It should also contribute to the objective of promoting full and productive employment by examining, in cooperation with the International Labour Organization (ILO) and other relevant international organizations, the contribution of trade to growth, employment creation and poverty reduction.

38. At the international level, UNCTAD's work should contribute to increasing coherence in global economic policymaking, particularly in terms of the interdependence and consistency of international trade, investment and financial policies and arrangements, with a view to helping developing countries to integrate successfully into the global economy and to reap greater benefits from globalization.

39. At the national level, areas to which UNCTAD should give special attention include:

- (a) The impact of growth-oriented macroeconomic and financial policies on development;
- (b) The creation of an enabling environment for the private sector and entrepreneurial investment;
- (c) Policies to enhance the productive capacity of developing countries, particularly the least developed countries (LDCs), and improve their ability to compete in the global economy;
- (d) Poverty eradication, income distribution and public revenue systems; and
- (e) Strengthening development-relevant domestic institutions.

40. UNCTAD should continue its analysis of debt and development finance issues and should maintain its capacity-building programme for public debt management. On the basis of its analytical work, UNCTAD should continue to provide technical assistance and support for developing countries in building national capacities through the Debt Management and Financial Analysis System (DMFAS) programme, in cooperation with the International Monetary Fund, the World Bank and other stakeholders. UNCTAD should continue to contribute to multilateral processes on external debt and finance, including in the "Paris Club" and the Development Cooperation Forum. Maximum synergy should be sought between analytical work and technical assistance.

41. UNCTAD must strengthen its special focus on the needs of the least developed countries and Africa across all areas of its mandate and in accordance with the

Bangkok Plan of Action and the São Paulo Consensus. It should also continue to devote attention to other groups of countries with special needs, in accordance with those needs. UNCTAD should contribute to the efforts by the United Nations system to make practical policy recommendations to ensure beneficial globalization for all developing countries drawing on UNCTAD's particular areas of expertise and comparative advantage.

42. UNCTAD should support the development efforts of middle-income countries, in particular in facing specific challenges of sustainable economic development and poverty reduction.

43. UNCTAD has traditionally played a substantive role in supporting economic cooperation among developing countries in all three pillars of its work. It should strengthen its work in this area by: (a) deepening research on and analysis of the synergies created by South–South trade, investment and finance; (b) upgrading data and analytical tools on South–South flows and cooperation; and (c) promoting South–South and triangular cooperation.

44. Support to the Palestinian people should be intensified to alleviate the adverse economic and social situation in the Palestinian territory with a view to creating the conditions conducive to building a sovereign and viable Palestinian State in accordance with the relevant United Nations resolutions, the Road Map, the Annapolis Conference Joint Understanding and the Paris conferences. UNCTAD's programme of assistance to the Palestinian people in the areas of capacity-building, trade policy, trade facilitation, financial management, development strategies, enterprise development and investments is welcome and should be strengthened with adequate resources and related operational activities.

## **II. Sub-theme 2: Key trade and development issues and the new realities in the geography of the world economy**

### **A. Policy analysis**

45. Participation in the international trading system has created opportunities and challenges for developing countries, particularly LDCs. Some developing countries have emerged as regional and global dynamos of trade. Competition for commodities has intensified. There is a move towards regionalism. In the global pursuit of cost-competitive and quality-competitive labour, skills and services, a high premium is placed on knowledge, innovation and technological edge. Reducing trade barriers can promote more efficient production and higher productivity and incomes while increasing access to goods and services. More open markets, however, usually entail adjustment costs that are of particular concern in developing countries. These must be effectively addressed for developing countries to ensure that trade liberalization promotes fully inclusive growth, development and poverty reduction. Maximizing the benefits and minimizing the costs of international trade liberalization calls for mutually supportive and coherent policies and governance at all levels.

46. A challenge in the further development of the multilateral trading system is to ensure that trade will be an engine of economic growth and sustainable development, as well as poverty eradication. A well-functioning, universal, rules-based, open, non-discriminatory and equitable multilateral trading system can deliver major benefits for development. The Doha Round of multilateral trade negotiations should contribute to this objective. The Doha Round should therefore also facilitate the beneficial integration of developing countries, including LDCs, and countries with economies in transition, into the international trading system,

and its final results should ensure fair, balanced, equitable and market-opening commitments among all members.

47. Accession to the World Trade Organization (WTO) is an integral part of the development strategies of most countries aiming to benefit fully from the international trading system. Making the WTO membership truly global is important. While joining the WTO brings benefits, it can be a complex and comprehensive process. In some cases, acceding countries lack adequate resources, policies and institutions. In this regard, the importance of technical assistance provided by UNCTAD, WTO and other donors, particularly for LDCs, is noted. The process of accession of developing countries to WTO should be consistent with WTO agreements and with their developing-country status. Accession of countries with economies in transition should also be consistent with WTO agreements and with their status. Some countries consider that they face excessive demands, beyond the commitments of WTO members, to accede to WTO.

48. Different types of regional trade agreements, concluded among developed countries, developing countries, as well as between developed and developing countries, are proliferating. Almost 50 per cent of global merchandise trade is covered by regional trade agreements and is not subject to most-favoured-nation treatment. Regional integration can help developing countries to overcome the limitations of small economic size by creating more trading opportunities, enhancing efficiency, increasing attractiveness for foreign direct investment, enabling economies of scale and securing greater bargaining power for countries that are members of an integrated region, thus promoting economic and social development, as well as contributing to peace and stability. Regional trade agreements should be transparent and consistent with multilateral trading rules and designed to contribute to an environment conducive to sustainable development.

49. Notwithstanding their gradual erosion as a result of several factors, including, inter alia, multilateral trade liberalization, trade preferences, including the Generalized System of Preferences, play a useful role in helping countries achieve market access and become more competitive, especially when combined with long-term national strategies to promote adjustment by preference-dependent countries to more open international markets.

50. The challenges regarding commodity trade continue to be a major issue in the twenty-first century. While the current commodity boom has improved the situation of primary commodities in world trade and revived the potential role of commodity trade in contributing to sustained economic growth and poverty reduction in the globalized economy, key realities of the commodity economy remain, including price volatility in the sector, and its impact on incomes in real terms, limited development gains from the production and trade of primary commodities for many developing countries, especially LDCs, and continued difficulties in diversification. A long-term resurgence in the demand for, and value of, primary commodities in world trade would hold out the possibility that commodity-dependent developing countries may be able to generate sufficient gains from commodity trade to relieve financing constraints and enable them to launch their economies on a sustained growth path of rising income, diversification and poverty reduction. These prospects raise opportunities and challenges for trade and development, and the need for appropriate policy responses at the national, regional and international levels.

51. Several emerging issues have a bearing on the extent to which stronger demand and higher prices for commodities will be translated into sustainable growth, development and poverty reduction. Key among these are: the consolidation and concentration of firms in international commodity supply chains and the need for a competitive environment for commodities; exchange rate appreciation and loss

of competitiveness; the distribution of the gains between different actors in the commodity sector; the channelling of revenues to investment in infrastructure and human capital; the relationship between greater commodity use and sustainable development; the use of commodities as an asset; as well as the implications of volatile energy and food prices.

52. South–South cooperation has grown in importance, supported by a confluence of policy- and market-related factors. The new opportunities for trade, investment and economic cooperation among developing countries need to be fully exploited, and this tendency should be encouraged and benefits extended to all regions. It should complement North–South trade and economic cooperation for development. There is considerable potential for trade and investment among countries with economies in transition and developing countries.

53. While all States have a responsibility to safeguard their population, technical regulations should be formulated and implemented in a manner consistent with the provisions of the multilateral trading system. There is a need to promote the full and meaningful participation of developing countries in international standard-setting processes, design new standards in a transparent and inclusive way and strengthen institutional and technical capacity in developing countries to facilitate compliance with new standards in export markets.

54. If the opportunities arising from liberalization and integration are to be fully exploited, there needs to be an enabling environment that may include both national and regional competition policies and international cooperation, to deal with anti-competitive practices, particularly those that affect trade and development of developing countries. The increased scope of anti-competitive practices, including abuse of dominance, may negate the benefits of trade and investment liberalization by developing countries.

55. The services economy is the new frontier for the expansion of trade, productivity and competitiveness, and for the provision of essential services and universal access. In recent years, some developing countries have performed well in trade in services. Positively integrating developing countries, especially LDCs, into the global services economy and increasing their participation in services trade, particularly in modes and sectors of export interest to them, remains a major development challenge. The process of liberalization shall take place with due respect for national policy objectives, the level of development of individual countries and the principle of progressive liberalization, as provided for in article XIX of the General Agreement on Trade in Services (GATS).

56. Globalization and interdependence have resulted in increasing international migration flows. This phenomenon has served to underscore the important nexus between international migration and development. All migrants should be accorded the full protection of human rights and the full observance of labour laws applicable to them, including the principles and labour rights embodied in the ILO Declaration on Fundamental Principles and Rights at Work.

57. Globalized production processes, intra-company trade and just-in-time deliveries all require efficient, cost-effective and reliable transport and logistics services and fewer administrative hurdles. Access to global transport networks, reduced transport and transaction costs and effective trade facilitation measures are crucial for active participation in international trade. In many developing countries, in particular LDCs and landlocked developing countries, the necessary basic transport infrastructure and essential trade facilitation measures are still lacking. Further steps are needed at the national and international levels to achieve full implementation of essential trade facilitation measures.

58. Climate change must be addressed owing to its economic and human implications. The United Nations Framework Convention on Climate Change, in accordance with the principle of common but differentiated responsibilities and respective capabilities, is the appropriate forum for negotiating issues related to the reduction of global warming. Climate change response measures can have trade and development implications, in particular for developing countries, especially LDCs, small island developing States and low-lying coastal States.

59. The conservation and sustainable use of biodiversity provides new opportunities for developing countries' trade and investment, as well as for their small and medium-sized enterprises dealing with biodiversity products. Trade in products and services related to biodiversity provides, for some countries, an important tool for preserving biodiversity and enhancing development, while acknowledging the social, cultural, legal and economic complexity of this issue.

60. Traditional knowledge, genetic resources, innovation and practices are important assets of developing countries, but these can be subject to loss and misappropriation. Their preservation, protection and sustainable use remain important.

61. Aid for Trade is an important tool for international trade and development. It can help all developing countries, especially LDCs, to meaningfully exploit market access opportunities. Implementation and effective use of Aid for Trade can help developing countries to put in place accompanying measures that assist them in implementing and benefiting from WTO agreements and more broadly in expanding their trade. Aid for Trade cannot be a substitute for the development benefits resulting from a successful and balanced outcome of the Doha Round but will be a valuable complement to them.

## **B. Policy responses**

62. In order to make globalization a positive force for all, with its benefits shared equitably, a comprehensive and coherent set of development policies and initiatives is required. Ensuring the effective, qualitative and beneficial participation of all countries, in particular developing countries, in the international trading system is a critical challenge and opportunity.

63. All WTO members should uphold and reiterate their commitment within WTO to promote a well-functioning, rules-based, open, equitable, predictable and non-discriminatory multilateral trading system that promotes development. They must demonstrate their shared interest in, and the political will to achieve, the successful completion of the WTO Doha Round of negotiations and the full realization of its core agenda, in line with its overall development dimension.

64. Developing countries, LDCs and countries with economies in transition that are acceding to WTO should be able to do so on terms that reflect their individual trade, financial and development circumstances. These terms should be consistent with the rights and obligations of WTO members. WTO members should fully and faithfully implement the guidelines on LDC accession to WTO that were adopted by the WTO General Council on 10 December 2002. Developing countries, in particular LDCs, and countries with economies in transition that are acceding to WTO should, as appropriate, be provided with technical assistance prior to, during and in the follow-up to the accession process depending on their level of development and needs, and impediments should be removed so as to facilitate the accession process.

65. All countries must honour their respective commitments on duty-free and quota-free market access for LDCs, as provided for in the Ministerial Declaration of the Sixth WTO Ministerial Conference.

66. Countries engaging in regional trade agreements should ensure policy coherence and compatibility with WTO rules. Both North–South as well as South–South regional trade agreements could serve as instruments for sustainable development and poverty alleviation and regional integration processes, and could strengthen the multilateral trading system.

67. Enhancing the integration of developing countries, particularly LDCs, into international trade requires building their productive capacities and bolstering their participation in value chains, including in new and dynamic sectors of world trade. Innovation, adaptation and the adjustment of institutional structures for economic cooperation among developing countries, and regional and interregional forums for dialogue and cooperation, are important.

68. The Global System of Trade Preferences among Developing Countries (GSTP) and other similar South–South interregional initiatives are important. In this context, the ongoing third round of negotiations of the GSTP (the São Paulo round) has an important role to play. GSTP and other South–South interregional initiatives can contribute to strengthening developing countries' role as a dynamic force in the growth of world trade.

69. Attention should be paid to helping countries with economies in transition and developing countries to mutually benefit from increased trade and investment flows.

70. While developing countries must continue to assume responsibility for their own development, the international community should assist developing countries, especially LDCs, in their efforts to develop human, institutional, regulatory, and research and development capacities and infrastructure for effective, informed and beneficial participation in international trade and in the international trading system and to engage effectively and proactively in negotiations on international trade and related areas, including through appropriately tailored technical assistance. Adequate resources should be allocated for these purposes, in particular within the framework provided by national development strategies and including those strategies aimed at poverty reduction that integrate trade-related assistance and capacity-building needs, including supply-side needs.

71. Aid for Trade, including effective technical assistance, should aim to help developing countries in their efforts to implement and benefit from trade liberalization and reform so as to build productive capacities and trade-related infrastructure based on each country's needs and priorities. Increased and more effective Aid for Trade is needed to support all developing countries, in particular LDCs, to benefit from the rule-based international trading system. Additional, predictable, sustainable and effective financing is fundamental to fulfilling the Aid for Trade mandate. Beneficiary countries should mainstream trade and integrate Aid for Trade into their development strategies, in accordance with their national priorities, as a basis for effective and sustainable support.

72. Standards and technical regulations must be developed transparently and applied non-discriminatorily, and should not pose unnecessary obstacles to trade. Developing countries should continue to be provided with technical assistance and capacity-building support to meet standards effectively. In addition, effective measures should be taken to facilitate the full and meaningful participation of developing countries in international standard-setting processes. Special attention needs to be paid to improving the physical and quality-assurance infrastructure of

developing countries and enhancing the participation of their small and medium-sized enterprises in global supply chains.

73. Meaningful trade liberalization will also require addressing non-tariff measures, including, *inter alia*, unilateral measures, where they may act as unnecessary trade barriers. The use of unilateral actions that are inconsistent with WTO rules can have a negative effect on efforts to move towards a truly non-discriminatory and open trading system. International efforts should be made to address non-tariff measures and reduce or eliminate arbitrary or unjustified non-tariff barriers.

74. Efforts should be made to prevent and dismantle anti-competitive structures and practices and to promote responsibility and accountability of corporate actors at both the national and the international level, thereby enabling developing countries' producers, enterprises and consumers to take advantage of trade liberalization. This should be supplemented by the promotion of a culture of competition and improved cooperation between competition authorities. Developing countries are encouraged to consider, as a matter of importance, establishing competition laws and frameworks best suited to their development needs, complemented by technical and financial assistance for capacity-building, taking fully into account national policy objectives and capacity constraints.

75. States are encouraged to implement the voluntary consultation mechanism provided for in section F of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, with a view to finding mutually acceptable solutions. Capacity-building for competition agencies in developing countries and countries with economies in transition should be strengthened. International cooperation to deal with anti-competitive practices, including through the Intergovernmental Group of Experts on Competition Law and Policy, should be continued. Furthermore, donors are encouraged to consider providing funding on a voluntary basis for an international project for capacity-building on national and regional competition law and policy.

76. The international community, especially donors and international financial institutions, should ensure that the Aid for Trade initiative is comprehensive in scope and delivered effectively, taking into account, as applicable, the Paris Declaration on Aid Effectiveness. Additional, predictable and sustainable and effective financing is fundamental to fulfilling the Aid for Trade mandate. Aid for Trade is needed to support all developing countries, in particular LDCs, to better integrate into and adjust to the world trading system, and to build productive capacity, trade-related infrastructure and competitiveness. In this context, the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries is important for LDCs. Aid for Trade should meet the common and specific needs of developing countries in a demand-driven and needs-based manner. Aid for Trade should thus reflect the priorities of beneficiaries and be consistent with their development priorities.

77. Actions are needed to deal with long-standing commodity trade and development opportunities and challenges in order to ensure that commodity-dependent developing countries, particularly the least developed among them, are able to derive increased benefits from the global integration of markets and to meet the Millennium Development Goals; and to harness development gains from the boom in commodity prices.

78. In relation to long-standing commodity trade and development opportunities and challenges, policy actions are needed to mitigate the impact of highly volatile prices and incomes, especially for agricultural commodities on commodity-dependent countries and poor farmers. Policies should also facilitate value addition

and greater participation in commodity value chains by commodity-producing countries. Efforts should be made at all levels, and for all participants in the commodity sector to improve transparency and accountability. Welfare safety nets, the use risk management tools to hedge against price volatility, diversification of the economic bases of countries benefiting from rising commodity prices, and facilitation of access to resources for financing commodity development are also important policies.

79. Actions are needed to support the effective utilization by commodity-dependent developing countries of the opportunities offered by current higher commodity prices to initiate a process of sustained economic growth towards the goal of poverty eradication. The current commodity boom is also having serious detrimental effects on the commodity-importing developing countries, particularly LDCs. These detrimental effects range from balance-of-payments problems to reduced development expenditures and to food insecurity. Concerns have also been expressed by some developing countries about market failures, the efficient functioning of markets and the need to improve dialogue between the food-importing and food-exporting countries to reduce and stabilize world food prices. In this regard, the decision of the Secretary-General of the United Nations to immediately establish a high-powered task force, comprised of eminent experts and leading policy authorities, to address the current food crisis and its impact on poverty and the long-term food security challenges facing such countries is welcomed.

80. The increasing integration of developing countries into the global services economy will be facilitated by progressively lowering domestic and foreign trade barriers in the Doha Round and regional trade agreements. Sound national, regional and international policies, strategies, regulations and institutions in the area of services are necessary to foster an enabling environment for building a competitive services supply and tackling poverty and infrastructure and human capital deficits. Improved market-opening would unlock new opportunities in sectors of interest to developing countries. The international community should then pay special attention to the services and modes of export interest to developing countries, including LDCs. In this context, developing countries underscore the importance to them of effective liberalization of temporary movement of natural persons under Mode 4 of GATS.

81. Developing countries, in accordance with their national development priorities and capabilities, should devise national and regional strategies, as well as complementary policies, and build regulatory frameworks and institutions, to develop competitive service sectors. The development implications of ensuring universal access to essential services merit particular attention.

82. Countries are encouraged to take into consideration the development dimension of migration in the areas of global, regional and interregional cooperation with a view to facilitating dialogue and the exchange of information and experience, fostering coordination at the regional and national levels, building common understanding, promoting cooperation, contributing to capacity-building and strengthening partnership among countries of origin, transit and destination in order to take full advantage of the benefits and opportunities that migration brings to the global community.

83. Oil exporters would gain from channelling revenues into investments in infrastructure and human capital for the benefit of future generations. Attention should be given to the diversification of the energy matrix, including renewable energies. The international community, including Governments and international financial institutions, should promote an enabling environment for the development

and utilization of financing mechanisms for new energy technology and infrastructure. Countries should also exchange experiences and analysis, in order to further explore the sustainable use of the biofuels alternative in a way that would promote social, technological, agricultural and trade development, while being aware of countries' needs to ensure a proper balance between food security and energy concerns.

84. The conservation and sustainable use of biodiversity provide opportunities in trade, investment and development for developing countries. Strategies to facilitate trade in products and services related to biodiversity should be considered, as appropriate, to promote trade and sustainable development.

85. Further work is needed to support developing countries, in particular LDCs, and countries with economies in transition on key issues at the interface between trade, the environment and development, such as new standards, including issues concerning eco-labelling and certification, as well as environmentally preferable products and the transfer of and cooperation on environmentally sound technology.

86. National and international efforts are needed to preserve, protect and promote the sustainable use of traditional knowledge and genetic resources and to ensure the fair and equitable sharing of their benefits.

87. The development of efficient transport, communications and logistics infrastructure and services, and capacity-building, are strategic factors in expanding trade opportunities, in particular for landlocked developing countries and LDCs. Developing countries need to strengthen their trade and transport-related facilitation systems. Regional cooperation, partnerships and other initiatives in trade and transport facilitation should be developed and strengthened. A multilateral legal framework on international trade facilitation would bring substantial development benefits, in particular to landlocked developing countries, recognizing the importance to them of technical assistance and support for capacity-building. Trade should be further facilitated by more streamlined trade procedures, reduced administrative barriers and the increased use of information and communication technologies.

88. In view of the erosion of trade preferences, including the Generalized System of Preferences, which has both trade and development impacts on preference-receiving developing countries, including LDCs, there is a need to find appropriate solutions. In this respect, the international community should support, through effective and appropriate measures, including the outcome of the multilateral trade negotiations, preference-dependent countries in their long-term strategies to diversify their economic bases, enhance competitiveness and productive capacities, develop new export opportunities, and to integrate into the global economy.

### **C. UNCTAD's contribution**

89. UNCTAD's contribution on trade and development should continue through analytical, consensus-building and technical assistance work in the areas of international trade in goods, services and commodities and the international trading system as provided below. UNCTAD should enhance its work on the linkages between trade and internationally agreed development goals and objectives, including the Millennium Development Goals. UNCTAD should continue to cooperate closely with other international organizations and foster coordination of system-wide United Nations activities in the area of trade and development.

90. UNCTAD should:

- (a) Continue to monitor and assess the evolution of the international trading system and of trends in international trade from a development perspective, and in particular analyse issues of concern to developing countries, placing greater emphasis on practical solutions;
- (b) Continue its work on developments in the post-Doha work programme of particular concern to developing countries;
- (c) Help develop capacities in developing countries and countries with economies in transition to establish their own negotiating priorities, and their capacity to negotiate and implement bilateral, regional and multilateral trade agreements;
- (d) Intensify its trade and trade-related technical cooperation and capacity-building activities. It should strengthen its contribution to the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries and the Joint Integrated Technical Assistance Programme (JITAP);
- (e) Continue to provide and strengthen technical support to and cooperation with developing countries, according to their level of development, particularly LDCs and countries with economies in transition, prior to, during and in the follow-up to their WTO accession process;
- (f) Promote coherence and consistency of regional trade agreements with the multilateral trading system;
- (g) Support and strengthen regional cooperation mechanisms;
- (h) Examine ways of improving the utilization of trade preferences and of making preference schemes more predictable, and continue its work on the issue of erosion of preferences;
- (i) Assist developing countries, in particular LDCs, in integrating trade and development concerns into their national development plans and poverty reduction strategies; and
- (j) Assist structurally weak, vulnerable and small economies in their efforts to integrate into the multilateral trading system and to address their exposure to internal and external economic shocks.

91. UNCTAD should continue to play a key role, with appropriate coordination with other international and regional actors, including with relevant international commodity bodies, to address the trade and development problems associated with the commodity economy, giving due attention to all commodity sectors such as agriculture, forestry, fisheries, metals and minerals and oil and gas. In this context, it should monitor developments and challenges in commodity markets and address links between international commodity trade and national development, particularly with regard to poverty reduction.

92. UNCTAD should enhance its efforts, under the three pillars of its work, to help commodity-dependent developing countries to harness development gains from the current boom in commodity prices, as well as to deal with trade and development problems related to commodity dependence.

93. In this context, it should:

- (a) Assist commodity-dependent developing countries, particularly small commodity producers, in their efforts to: develop national commodity strategies, including mainstream commodity policies into their national and regional development strategies; build supply-side capacity and attain

competitiveness; move up value chains and diversify commodity sectors; comply with public and private international trade standards; access commodity information and databases; take advantage of export opportunities for commodities in emerging markets; assist developing countries, upon request, in building human and institutional capacities; assist developing countries, on request, to promote and improve transparency and accountability in the public, private and corporate sectors in order to enable the countries concerned to maximize the benefits that accrue to them from the extractive industries, taking into account, where appropriate, the implementation of relevant initiatives on extractive industries; establish effective marketing systems and support frameworks for small commodity producers, including economically viable safety net programmes; and develop commodity financing and risk management schemes (including commodity exchanges). In carrying out this work, UNCTAD should avoid duplication and therefore work in coordination with other relevant actors already active in this area;

- (b) Promote intergovernmental cooperation in the field of commodities and consensus-building on ways of integrating commodity policies into national, regional and international development and poverty reduction strategies; trade-related policies and instruments for resolving commodity problems; and investment and financial policies for accessing financial resources for commodity-based development, including with respect to ODA, Aid for Trade and other possibilities;
- (c) Contribute to building effective multi-stakeholder partnerships with a view to identifying innovative approaches to resolving commodity-related problems.

94. UNCTAD should strengthen its comprehensive work on services, trade and development by:

- (a) Enhancing its analysis of the capacity of developing countries and countries with economies in transition to increase their participation in global services production and trade;
- (b) Assisting developing countries and countries with economies in transition in establishing regulatory and institutional frameworks and cooperative mechanisms to support strengthening of their domestic services capacity and its efficiency and competitiveness;
- (c) Providing support in national services assessment and policy reviews;
- (d) Examining issues relating to the liberalization of trade in services and its development impact, including at the regional level;
- (e) Giving attention to multilateral rule-making in services, taking into account the interests and concerns of developing countries;
- (f) Fostering recognition of qualifications and standards;
- (g) Providing support to multilateral and regional negotiations on services; and
- (h) Strengthening services data and statistics.

95. Without prejudice to the work undertaken in other forums and in cooperation with other organizations, UNCTAD, within its mandate and in relation to the contribution of migrants to development, should conduct research and analysis on the potential benefits and opportunities of trade, investment and developmental links between countries of origin of migrants and their communities abroad.

96. UNCTAD should also:

- (a) Help strengthen the participation of developing countries in dynamic and new sectors of world trade;
- (b) Address the trade and development impact of non-tariff barriers;
- (c) Further improve and disseminate its analytical tools, such as the Trade and Development Index, and databases and software, such as TRAINS/WITS; and
- (d) Strengthen its work on the linkages between trade and internationally agreed development goals and objectives, including the Millennium Development Goals, including poverty reduction and gender equality.

97. UNCTAD should promote and support economic cooperation among developing countries, including through the exchange of experiences and institution-building. It should upgrade its data and analytical tools on South–South trade and strengthen related technical assistance programmes. It should also continue its support for the revitalization and greater utilization of the Global System of Trade Preferences among Developing Countries and other initiatives that stimulate South–South trade.

98. UNCTAD’s work on energy-related issues should be addressed from the trade and development perspective, where relevant in the context of UNCTAD’s work on commodities, trade and environment, new and dynamic sectors, and services.

99. UNCTAD should continue its work under the Biofuels Initiative, striving to maximize trade and development gains for developing countries and countries with economies in transition while minimizing the potentially adverse environmental and social aspects of the biofuel option.

100. UNCTAD, within its mandate and without duplicating the ongoing work of other organizations, should consider climate change in its ongoing work of assisting developing countries with trade- and investment-related issues in development strategies.

101. UNCTAD should continue to provide support to developing countries and countries with economies in transition on issues at the interface between trade and environment, such as market access, agriculture, the transfer of environmentally sound technology, environmental goods and services, environmentally preferable products, and standards, including issues concerning eco-labelling and certification costs, and follow up on trade-related issues contained in the Johannesburg Plan of Implementation. It should strengthen work on the UNEP-UNCTAD Capacity-Building Task Force on Trade, Environment and Development.

102. UNCTAD should continue to build on its experience to enhance its Biotrade Initiative, which gives support to the growing market for biodiversity products and services produced in a sustainable manner. The Biotrade Initiative should continue to support the creation of an enabling policy and environment to foster private sector engagement in the sustainable use and conservation of biodiversity, while acknowledging the social, cultural, legal and economic complexity of this issue.

103. UNCTAD should further promote and support cooperation, including by facilitating voluntary consultations among member States and regional groupings, in line with section F of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, adopted by the General Assembly in 1980 and reaffirmed in the São Paulo Consensus and at the Fifth Conference to Review All Aspects of the Set, held in 2005.

104. UNCTAD is the focal point on the work on competition policy and related consumer welfare within the United Nations system. It provides to its member

States a forum for intergovernmental policy dialogue and consensus-building in the area of competition laws and policies. It should continue to carry out research and analysis in this area for, and/or in collaboration with, its member States and international networks on competition policy. UNCTAD should continue to be a forum to discuss competition issues on the multilateral level, with close linkages to existing networks of competition authorities, and to promote the use of competition law and policy as tools for achieving domestic and international competitiveness. UNCTAD's work in this area should promote competition law regimes that take into account the prevailing conditions in the developing countries. Accordingly, future action by UNCTAD in this area needs to focus on:

- (a) The preparation and implementation of national and regional competition law and policies and measures appropriate to developing countries' development needs and their consumers' welfare;
- (b) Research and deliberations regarding anti-competitive practices in different sectors, their effects on consumer welfare and global markets and developing countries' markets in particular, and mechanisms to address such effects;
- (c) Examining all issues relating to the interface between competition, privatization and innovation and their impacts on trade and development, including at the regional level;
- (d) Providing support to regional and South-South cooperation on competition policies;
- (e) Supporting developing countries in the formulation and implementation of competition laws;
- (f) Voluntary peer reviews of competition policy in UNCTAD should be extended to a wider group of developing countries and their regional economic organizations; and
- (g) Facilitating the exchange of experiences and best practices in capacity-building in different regions, including programmes like the technical assistance programme on competition and consumer protection policies for Latin America (Compal), which should be strengthened.

105. Taking into account the World Intellectual Property Organization (WIPO) Development Agenda and without prejudice to the work undertaken in other forums, UNCTAD, within its mandate, should continue to undertake research and analysis on trade and development aspects of intellectual property, including on the protection of traditional knowledge, genetic resources and folklore and fair and equitable sharing.

106. UNCTAD should continue to play an important role in developing and implementing projects under Aid for Trade. UNCTAD should continue to provide focused support to developing countries, in building their capacity to meaningfully participate in, and benefit from, the international trading system and to address the opportunities and challenges that this system offers.

107. UNCTAD should provide technical assistance to landlocked developing countries and transit developing countries to help them ensure that adequate and efficient infrastructure and services, as well as effective transit transport arrangements, are in place to support trade.

### **III. Sub-theme 3: Enhancing the enabling environment at all levels to strengthen productive capacity, trade and investment: mobilizing resources and harnessing knowledge for development**

#### **A. Policy analysis**

108. Successful integration into international trading, production and technology networks depends both on boosting productive capacities and on benefiting from the activities of transnational corporations (TNCs), through, inter alia, establishing business linkages between domestic small and medium-sized enterprises and global TNCs and enabling them to enter into global and regional value chains through such linkages. Achieving this requires enabling policies at both the national and the international level to encourage enterprise development by, inter alia, fostering business linkages, industry clusters and entrepreneurship.

109. Global inflows of foreign direct investment (FDI), including to developing countries, have increased in recent years. However, they remain uneven in terms of economic activities and recipient countries. For instance, investments in some countries, especially in Africa, remained concentrated in extractive industries in 2006. LDCs still attract only 0.7 per cent of global inflows (or 2.5 per cent of inflows to developing countries). The question of how to maximize benefits from global investment activities for developing countries, particularly LDCs, requires further attention.

110. While most FDI still originates in developed countries, the South accounts for a growing share of outward FDI. The rise of Southern TNCs is a relatively recent trend that opens new development opportunities. South–South FDI constitutes almost half of all inward FDI in a number of LDCs.

111. In addition to capital flows, FDI can generate employment, transfers of technology and knowledge, access to international markets and competition. Furthermore, FDI can be complementary to national, regional and international efforts to mobilize resources for development. Along with the expected benefits of FDI, potential risks include crowding out local investments, anti-competitive practices, transfer pricing and environmental and social impacts. Countries should therefore consider both the quality and quantity of FDI.

112. To seize opportunities, countries need active and well-sequenced policies to maximize the development benefits of investment flows.

113. In relation to international investment agreements, there is a need to balance the interests of home countries, host countries and foreign investors. The settlement of disputes between investors and States deserves special attention, and national capacities to negotiate development-friendly investment agreements need to be enhanced.

114. Infrastructure improvements and domestic reforms are crucial to attracting FDI. The effectiveness of national policies could be enhanced if complemented by well-designed international rules and cooperation that take into account individual countries' particular circumstances.

115. Developing countries should pursue development strategies that are compatible with their specific conditions within the framework of an enabling State, which is a State that deploys its administrative and political means for the task of economic development, efficiently focusing human and financial resources. Such a State should also provide for the positive interaction between the public and private sectors.

116. Building productive capacities requires the establishment of an enabling environment for private sector development which takes into account the dynamics of different kinds of enterprises. In seeking to seize opportunities from globalization, small and medium-sized enterprises from developing countries face challenges in terms of managerial and financial resources and the ability to upgrade and innovate. The development of entrepreneurial capacities in this respect is crucial, in particular in LDCs.

117. Insurance can help facilitate trade and commerce, generate employment, contribute to building developing countries' financial markets and spread risk. Catastrophe risk insurance has become particularly important. The insurance services sector needs to be improved in many developing countries.

118. New demands for financial and non-financial corporate transparency also create challenges, as reporting standards and codes are formulated for highly developed capital markets. Implementation can be a further challenge. In view of growing environmental concerns, companies will face rising demands from various stakeholders on environmental accounting and financial reporting.

119. The technology gap is linked to the socio-economic gap between and within nations. Today, all countries, including LDCs, need to harness knowledge and technology, and stimulate innovation, if they are to be competitive and benefit from trade and investment. Efforts are needed to ensure that intellectual property systems contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare and to a balance of rights and obligations, in accordance with article 7 of the Agreement on Trade-related Aspects of Intellectual Property Rights (the TRIPS Agreement).

120. Information and communication technologies (ICTs) are helping to drive globalization by lifting enterprises into the knowledge-based economy. They also contribute to the fragmentation of global value chains. Access to low-cost ICTs, in particular telecommunications, is crucial to the development of a competitive business sector, even in traditional activities of importance to developing countries, such as tourism.

121. Trade facilitation and access to efficient transport systems, as well as improvement of productive capacities, are essential for trade competitiveness. Ineffective trade procedures, excessive transport costs and lack of connectivity undermine the export competitiveness of developing countries, especially landlocked developing countries. Developing countries also face increasing demands to comply with different requirements in respect of maritime trade and supply-chain security.

122. Remittances have become significant private financial resources for households in countries of origin of migration. Remittances cannot be considered as a substitute for FDI, ODA, debt relief or other public sources of finance development. They are typically wages transferred to families mainly to meet part of the needs of the recipient households. The manner of their disposal or deployment is an individual choice. A large proportion of migrants' incomes is spent in destination countries and constitutes an important stimulus to domestic demand in their economies.

## **B. Policy responses**

123. Efforts at all levels to promote a conducive environment for development and to introduce reform and eradicate poverty need to be supported in order to achieve

the internationally agreed development goals, including the Millennium Development Goals, and commitments.

124. The primary responsibility for boosting productive capacity and technological upgrading lies with countries themselves. Attracting and benefiting from FDI requires appropriate national investment and development policies. To enable policymakers to make better informed decisions, improved data and more analysis are needed on the social, economic and development impacts of FDI and TNC activities.

125. Good governance at all levels and the rule of law can help create an environment conducive to the mobilization of resources for development, including FDI.

126. Home countries can help promote development gains from FDI in host countries through measures such as incentives, risk mitigation and capacity-building measures aimed at facilitating private flows to developing countries.

127. In the context of FDI, and in addition to their compliance with national laws and regulations, voluntary codes of conduct and corporate responsibility can help TNCs to be a positive agent for development. TNCs should be encouraged to adopt voluntary codes of conduct that establish good business practices to address economic, social and environmental concerns.

128. Investment in basic economic and social infrastructure is vital for developing countries. Developing countries' efforts to identify and overcome obstacles to mobilizing domestic resources need to be complemented by external flows, including FDI, other private flows and ODA.

129. Countries can learn from the mistakes and successes of others, especially in an international setting that creates a global pool of existing experiences. Regional arrangements or South–South cooperation may help countries to deal with some issues, forge consensus and establish a common bargaining position.

130. National Governments, international institutions and the international community can help countries create an attractive investment environment by providing better information on national laws and regulations, as well as international agreements and on country opportunities and risks. Sovereign risk assessments made by the private sector should maximize the use of strict, objective and transparent parameters, which can be facilitated by high-quality data and analysis.

131. Improved partnerships with the private sector both at home and abroad can help to strengthen the integration of developing countries and local producers into global production systems. Developing internationally competitive small and medium-sized enterprises requires policies aimed at domestic entrepreneurial capabilities, business linkages and industry clusters.

132. If they are to influence emerging standards on corporate transparency and accounting, developing countries need to coordinate their efforts, share their experiences with implementation, and monitor standards and codes. More work is needed on developing sound environmental accounting and reporting frameworks.

133. For developing countries and countries with economies in transition that make the strengthening of their insurance sector a priority, targeted international assistance should be made available. Policy responses should concentrate on the establishment of competitive and well-regulated insurance markets, policy advice on WTO negotiations and training programmes.

134. To help upgrade technological capabilities, Governments should regularly assess the conditions for technology acquisition and upgrading and should implement and review their science, technology and innovation (STI) policies. Supportive institutions may include public-private partnerships and STI policies may be incorporated into national development policies and poverty reduction strategies.

135. North–South, and also South–South, partnerships and cooperation should be strengthened for the sharing of knowledge, innovation and technology transfer, and to address the gaps in science and technology, education and research in developing countries, especially LDCs.

136. The international community should continue its efforts to maintain the balance and effectiveness of the international intellectual property system, in line with the agreed recommendations of the WIPO Development Agenda.

137. Measures to develop ICT infrastructure and build ICT skills must be taken to narrow the digital divide and to ensure countries' full and effective participation in the knowledge-based economy. These should continue to be supported by full participation of developing countries in ICT-related international discussions, in particular those within the framework of the follow-up to and implementation of the outcome of the World Summit on the Information Society and the discussions in the Commission on Science and Technology for Development.

138. At the national level, ICT policies and strategies need to create an enabling environment for the domestic information economy and a competitive ICT industry. The main elements include developing the ICT infrastructure and the telecommunications sector, upgrading digital skills, implementing a legal and regulatory framework to support ICT-related business development, trade and investment, e-government and technological innovation. These actions need to be integrated in national development plans or poverty reduction strategy papers, and ICT policies need to be regularly reviewed.

139. International trade and transportation require an enabling legal framework that facilitates cross-border transactions. In this respect, the development of internationally agreed rules and standards, such as international conventions and other legal instruments agreed under the auspices of the United Nations Commission on International Trade Law (UNCITRAL) and other relevant bodies, as well as their implementation at national levels, is required to bring about genuine benefits to traders and help reduce legal, administrative and transaction costs. It is important that developing countries participate in relevant international consensus-building and negotiation processes and that their concerns and interests are taken into account. Developing countries may also require capacity-building and technical assistance, to help them in the national implementation of internationally agreed rules and standards.

140. With the increasing involvement of the private sector in transport infrastructure development, developing countries need to strengthen their capacity to monitor, regulate and facilitate this sector at the national level.

141. Policies are needed to promote competitive and effective transportation systems for both landlocked and transit developing countries, in particular in the framework of bilateral and regional arrangements. In this context, full support should be given to the comprehensive and timely implementation of the Almaty Ministerial Declaration and the Almaty Programme of Action. All efforts must be made to ensure that the outcome of the Mid-term Review of the Implementation of the Almaty Programme of Action, to be held in 2008, contributes to the establishment of efficient transit and transport systems, addressing the challenges of

transit developing countries, and the integration of landlocked developing countries into the international trading system, while taking note of the Ulan Bator Declaration.

142. Measures to enhance the security of international supply chains and to address environmental concerns also have to be taken into account.

143. The international community has an important role to play in maximizing the benefits derived by individuals from remittances sent by migrants. Action should, inter alia, be aimed at reducing transaction costs and expanding access to financial services for migrants and their families. Such access allows migrants and their families to save, obtain credit and acquire productive assets.

144. Efforts to promote full and productive employment and decent work at the national level should be promoted, including through the use of the ILO Toolkit for Mainstreaming Employment and Decent Work, as approved by the United Nations system in May 2007.

145. The Conference welcomes the strong development orientation of the Geneva and Tunis phases of the World Summit on the Information Society and renews its commitment to the implementation of the principles and goals contained therein. UNCTAD member States remain fully committed to the Internet Governance Forum and to the multi-stakeholder approach of the Forum as enshrined in the Tunis Agenda, which stands at the core of its success.

### **C. UNCTAD's contribution**

146. UNCTAD's work on investment should continue to assist all developing countries, in particular LDCs and countries with special needs, in designing and implementing active policies to boost productive capacities and international competitiveness. Attention should be paid to the role of both North-South and South-South investment and domestic investment, both private and public. The work should have the objective of sustainable development and a supportive investment climate in national development strategies. UNCTAD's activities in this area should address in particular the needs of LDCs, as well as the specific needs and problems of landlocked developing countries, small island developing States and other structurally weak, vulnerable and small economies.

147. UNCTAD should continue to produce policy analysis on the development impact of FDI. It should focus on ways to maximize the net development benefits of FDI through appropriate host- and home-country policies. It should develop its activities in collecting and analysing data on TNC activity and relevant national and international laws and regulations, and strengthen its assistance to help LDCs formulate better policies on the basis of accurate and up-to-date information. It should continue its policy-oriented research on issues related to the interaction of FDI and domestic investment, the relationship between ODA and FDI, the impact of FDI on industrialization and entrepreneurship, and the role of FDI in services, infrastructure development and the building of export capacity and human resources. Other issues include the linkages between foreign and domestic firms and best practices to encourage greater flows of investment that is conducive to development. In addition, UNCTAD should further analyse investment from developing countries and countries with economies in transition, as well as explore the scope for deeper South-South cooperation.

148. UNCTAD should provide a platform for an international dialogue on best practice in investment policies. An inventory of best policy practices could contribute to a dialogue on policymaking know-how. UNCTAD, together with intergovernmental and regional organizations, particularly those from developing

countries, and other partners, as well as the Organization for Economic Cooperation and Development (OECD), should engage countries at every development level to help ensure an institutional environment conducive to FDI and development. In the context of developing best practices in investment policies, it should endeavour to work with relevant regional development banks such as the African Development Bank, the Asian Development Bank, the Inter-American Development Bank and the Islamic Development Bank.

149. UNCTAD should support developing countries and countries with economies in transition in formulating and implementing investment policies and should assist them with relevant legislation and regulations, in line with their development strategies, as well as with their international obligations. Investment policy reviews (IPRs) and their follow-up, and assistance to national and subnational investment promotion agencies, play an important role in this regard. A broader and more structural approach to the process of undertaking IPRs should be considered, under which UNCTAD would be entrusted with drafting the reviews, ensuring wider coverage of developing countries and elaborating on the development implications of FDI and the related investment framework. IPRs should be regularly updated so as to maintain the focus and follow up recommendations.

150. In its advisory services, analytical work and capacity-building programmes in the field of investment promotion, UNCTAD should develop pragmatic tools and investment guides and identify best practices. In UNCTAD's advisory services, attention should be paid to the issues of interest to all developing countries, particularly issues of relevance to LDCs such as good governance in investment promotion. Investment guides should be produced for all landlocked developing countries requesting one, subject to the availability of extra-budgetary resources.

151. UNCTAD should continue to help developing countries participate in the debate on international investment agreements (IIAs). It should focus on the development dimension of IIAs and examine the effects of IIAs. UNCTAD's work in this area should include policy analysis and capacity-building in relation to the negotiation and implementation of current and future bilateral and regional investment agreements, management of investor-State disputes, alternative means of dispute settlement, the approach to investment promotion and the effects of IIAs.

152. UNCTAD should analyse voluntary enterprise policies on corporate social responsibility and other codes of conduct as a complement to national legislation with a view to identifying best practices for maximizing the development impact of corporate activities, in particular by TNCs. UNCTAD should coordinate its activities in this area with other relevant international bodies, including OECD, the World Bank, the United Nations Industrial Development Organization (UNIDO), the United Nations Global Compact and the International Organization for Standardization (ISO) Working Group on Social Responsibility, to maximize the value added of its work.

153. Taking into account the WIPO Development Agenda and without prejudice to the work undertaken in other forums, UNCTAD, within its mandate, should continue to undertake research and analysis on trade and development aspects of intellectual property, including in the areas of investment and technology.

154. UNCTAD should strengthen its activities in research and analysis, technical assistance and consensus-building with regard to stimulating enterprise development and business facilitation. Measures should be identified to enable enterprises, especially small and medium-sized ones in developing countries, to comply with international standards, promote their technological and innovation capacities, access new technologies and enhance their participation in global value chains. UNCTAD should analyse the linkages between small and medium-sized

enterprises and foreign affiliates in order to increase the development benefits of FDI and enhance the international competitiveness of firms from developing countries.

155. UNCTAD should help developing countries, including by building their technical capacity, to improve their e-government practices in order to enhance the transparency and simplification of government procedures in areas such as investment and the creation and development of enterprises.

156. Through the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), UNCTAD should help developing countries participate in the processes that set internationally recognized accounting and reporting standards and codes. Alongside development partners, UNCTAD should assist developing countries in building the technical capacity and institutions needed for the implementation of such standards and codes. It should continue to contribute to the field of environmental accounting and reporting with a view to promoting a harmonized approach among member States. UNCTAD should continue to support developing countries and countries with economies in transition in adopting and implementing the International Financial Reporting Standards.

157. UNCTAD should continue to provide policy analysis and capacity-building on prudential regulatory frameworks, the establishment of competitive insurance markets and human resources development. UNCTAD should also assist countries in the development of their insurance sector with a view to creating benefits for development. In this context, assistance should be provided especially to countries in Africa and small economies that are particularly vulnerable to catastrophic risks.

158. UNCTAD should further strengthen its research and analysis in the area of science, technology and innovation, including ICTs, and should promote effective international and national policies, in collaboration with other relevant international organizations working in this area. It should also draw lessons from successful experiences with the transfer and diffusion of technology through all channels, including FDI. It should also enhance its support to the efforts by developing countries, in particular LDCs, to respond to technological changes and assess the effectiveness of domestic innovation policy. UNCTAD should help strengthen North–South and South–South cooperation in harnessing knowledge and technology for development, and assist developing countries and countries with economies in transition through science, technology and innovation policy reviews and related technical assistance.

159. UNCTAD should also contribute to consensus-building in the international debate on science and technology for development, including ICTs and their implications for development, and continue to provide support as the secretariat to the Commission on Science and Technology for Development. UNCTAD should continue to help developing countries to participate effectively in international discussions on technology transfer and knowledge-sharing, and to identify policy options and best practice in this area. UNCTAD should furthermore continue to assist developing countries in identifying ways and means to operationalize technology transfer clauses in international agreements and in the outcomes of major United Nations conferences and summits in order to maximize their potential benefits.

160. UNCTAD should continue to provide technical assistance to countries in the area of ICT, notably on ICT policy reviews, pro-poor policies, legal and regulatory frameworks, and measuring the information economy, including through the Partnership on Measuring ICT for Development launched at UNCTAD XI.

161. UNCTAD should contribute to the implementation of the World Summit on the Information Society (WSIS) action lines on capacity-building, an enabling environment, e-business and e-science, in cooperation with other relevant international organizations. UNCTAD, also in its capacity as secretariat to the Commission on Science and Technology for Development, should assist the Commission in implementing its mandate on the follow-up to the WSIS outcomes.

162. UNCTAD should enhance its assistance in cross-divisional capacity-building programmes, including training for policymakers on the integrated treatment of the trade, investment, finance, technology and development issues referred to in paragraph 166 of the Bangkok Plan of Action, which must ensure wide and inclusive participation of developing countries. It should also continue to support the development of local teaching and research capacities in member countries' academic institutions through the Virtual Institute, and foster training and capacity-building aimed at trade practitioners in order to assist member countries in developing a sustainable local capacity in trade, investment and development issues through TrainForTrade. UNCTAD should also continue to use these programmes to strengthen the synergies between its research and capacity-building activities.

163. Also in the area of capacity-building, the UNCTAD e-Tourism initiative, launched at UNCTAD XI, should continue to be implemented, with a view to promoting the contribution of tourism to development.

164. In the area of trade facilitation, transport and related services of interest to developing countries, UNCTAD should continue to analyse issues that affect the trade and transport of developing countries and international supply-chain security. It should also disseminate its analyses and relevant information, and promote the exchange of experiences.

165. UNCTAD should undertake research to develop policy recommendations that will enable developing countries to cut transport costs and improve transport efficiency and connectivity. The research should pay special attention to the needs of the most vulnerable economies, and in particular to the development and implementation of coherent transit systems that will benefit landlocked developing countries and transit developing countries, taking into account the Almaty Ministerial Declaration and Programme of Action. Attention should also be paid to the promotion of multimodal transport.

166. UNCTAD should continue to provide capacity-building and technical assistance to policymakers and other stakeholders in developing countries on such issues as reducing transport costs and improving transport connectivity and competitiveness, developing and implementing appropriate institutional and legal frameworks, and devising and implementing national and international actions to promote transport and trade facilitation, including in transit corridors. It should coordinate this work with other relevant organizations where appropriate. It should continue to assist developing countries in transport and trade facilitation negotiations, including in the context of the Doha Round, and in ensuring the effective implementation of agreed rules and standards.

167. UNCTAD should continue to provide assistance to developing countries to design and implement policies and actions aimed at improving the efficiency of trade transactions as well as the management of transport operations. It should also continue to cooperate with member States in implementing Asycuda, the automated system for customs data.

168. Through its research and policy analysis, UNCTAD should help developing countries make informed policy choices to address the environmental challenges in

relation to transport strategies, and to help identify associated capacity-building needs and appropriate regulatory responses.

169. UNCTAD should intensify its activities concerning public investment and public-private partnerships, by strengthening its research and analysis on the different forms of public investment and accounting criteria, as well as by cooperation and technical assistance.

170. Without prejudice to the work undertaken in other forums and in cooperation with other organizations, UNCTAD, within its mandate, should continue to analyse the potential of migrants' remittances to contribute to development. It should focus on ways to expand the access of migrants to financial services, maximize the benefits derived from such remittances and minimize the cost through appropriate policies, while respecting their character as private funds.

#### **IV. Sub-theme 4: Strengthening UNCTAD: enhancing its development role, impact and institutional effectiveness**

171. UNCTAD is the focal point within the United Nations for the integrated treatment of trade and development and the interrelated issues of finance, investment, technology and sustainable development. For over 40 years UNCTAD has consistently addressed the concerns of all developing countries in the areas within its mandate and expertise, with the objective of assisting them in successfully integrating into the global economy. In the context of deepening interdependence between all countries, UNCTAD should continue its unique orientation and commitment to development through its three pillars, while remaining responsive and accountable to all member States.

172. In the context of changing realities of the global economy and changing development needs, strengthening of UNCTAD's development role, impact and institutional effectiveness is needed in order for UNCTAD to be able to provide effective guidance and support with respect to both emerging issues and long-standing problems at the interface between trade and development. This strengthening process should include, inter alia, the adoption of new and improved indicators of achievement and performance measures in the context of the Strategic Framework, the continued adaptation of its working methods and structures and a more focused approach in order to better address those issues of trade and development within UNCTAD's mandate that continue to respond to the needs, concerns and priorities of its membership, as identified through the intergovernmental process.

173. In all its work UNCTAD will make efforts to mainstream cross-cutting issues of gender equality and the empowerment of women, the promotion of sustainable development and full and productive employment.

174. In a manner that preserves UNCTAD's mandated role, UNCTAD should strategically position itself by translating into practice the following principal criteria: comparative advantage; differentiation and complementarity; and strategic and catalytic intervention, so as to put the organization's strengths to the best use in achieving development results.

175. Since UNCTAD XI, discussions on strengthening the organization have involved a number of processes, namely the mid-term review conducted by the Trade and Development Board in 2006, the work of the Panel of Eminent Persons established by the Secretary-General of UNCTAD in 2005, and the preparations for UNCTAD XII.

176. In this regard the Conference notes with appreciation the agreed outcome contained in the report of the Trade and Development Board on its forty-first executive session with the objective of strengthening UNCTAD. Those recommendations contained in clusters one and two that have already been endorsed by member States should be fully implemented. The secretariat should report to and consult member States on a regular basis in this regard.

177. Efforts to strengthen UNCTAD's role are also being made within the context of United Nations reform. UNCTAD should fully engage in the United Nations reform processes, particularly concerning the role of the United Nations in development and, consequently, efforts to strengthen system-wide coherence. Trade and development will remain a core preoccupation in the ongoing reforms in the United Nations, and UNCTAD will have a distinct role to play in carrying forward the trade and development mission of the United Nations. In order to implement effectively the United Nations reform process, it is important that the process be promoted by all organizations, and that all organizations focus on their comparative advantages and cost-effectiveness and avoid the overlapping of mandates.

178. UNCTAD's three pillars of research and analysis, consensus-building and technical cooperation form an organic whole and are inherently interlinked; they must be strengthened in order to ensure that the organization fulfils its mandate. To ensure synergy among its three pillars, UNCTAD should strengthen its internal coordination as well as align more closely the thematic focus of its research and analysis, technical assistance and intergovernmental discussions. It should also designate regional focal points, within the current structure and within existing resources, in order to deepen its regional perspectives.

179. These three pillars should contribute, from a trade and development perspective, to the integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic, social and related fields, as well as to the achievement of the internationally agreed development goals, including the Millennium Development Goals.

180. UNCTAD and other parts of the United Nations system, other international and regional organizations and relevant international bodies should actively pursue stronger and more coherent cooperation with each other on matters pertaining to trade and development and related issues. This cooperation should be based on a clearer division of labour and maximizing synergies, complementarity and efficiency. UNCTAD should also enhance its work with civil society and the private sector, while preserving its intergovernmental nature.

181. UNCTAD should continue and strengthen its participation in the Economic and Social Council policy dialogue with the Bretton Woods institutions and WTO, given the importance of this dialogue in coordinating efforts to assist countries in achieving the internationally agreed development goals, including the Millennium Development Goals.

182. The Conference reaffirms its support for the International Trade Centre (ITC). There is particular potential for greater cooperation and complementarity between ITC and UNCTAD. ITC is the export development arm of UNCTAD and WTO, and it helps the business sector in developing countries take advantage of trade opportunities. ITC and UNCTAD should cooperate, each focusing on its comparative advantages. The development impact of many ITC activities could be enhanced through stronger linkages with UNCTAD. Similarly, many UNCTAD activities could benefit from the experience of ITC in meeting the needs of the business community. UNCTAD and ITC should also enhance their collaboration at

the national level through mechanisms such as the inter-agency cluster on trade and productive sectors.

183. In view of the current challenges in commodities markets, the Secretary-General of the United Nations is urged to transform the existing Commodities Branch into an autonomous unit reporting directly to the Secretary-General of UNCTAD, within existing resources of the Commodities Branch of the Division of International Trade in Goods and Services, and Commodities, while retaining the Branch mandate and taking into account, without duplicating, the work of other relevant organizations. Through the guidance and leadership of the Secretary-General of UNCTAD, this unit should contribute more effectively to developing countries' efforts to formulate strategies and policies to respond to the challenges and opportunities of commodity markets.

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

184. Research and analysis is the backbone of UNCTAD's work and it should be development-oriented, independent and grounded in solid evidence. It should also:

- (a) Provide ahead-of-the-curve and innovative work on trade and development and related issues;
- (b) Focus on the main challenges that all developing countries and countries with economies in transition face in the areas of trade and development and in the interrelated issues of finance, investment, technology and sustainable development in pursuing the internationally agreed development goals, including the Millennium Development Goals. In this regard, special attention should be paid to LDCs;
- (c) Provide practical solutions and policy options and an analytical response to emerging and long-standing development challenges and continue to examine systemic issues related to trade and development and interrelated issues;
- (d) Identify opportunities within UNCTAD's mandate to help developing countries use globalization as an engine for economic growth and poverty reduction and put forward practical policy recommendations taking into account, inter alia, international, regional and national best practices;
- (e) Take into account the needs, priorities and experiences of developing countries and their different levels of development;
- (f) Prepare, on demand and with donor support, country-specific policy reviews and case studies in the areas of investment, trade, services, commodities, science and technology and innovation, and ICTs; and
- (g) Analyse existing national policies that support development, with a view to identifying various effective policies, including innovative policies, that developing countries in general and LDCs in particular could consider in their national development strategies or incorporate in a concrete plan for the implementation of such policies in cooperation with potential beneficiaries.

185. UNCTAD's research and analysis should stimulate and underpin, and draw input from, the discussion at all levels of the intergovernmental machinery in the areas of UNCTAD's mandate. The published outcome of UNCTAD's research and analysis should be subject to an effective clearance process within the secretariat to ensure coherence by the organization in all areas of major policy importance. In its research, UNCTAD should make use of inputs from national and regional think tanks and academia. It should also enhance its peer reviews to improve the quality of its work further. Greater impact and effectiveness of UNCTAD's policy research

and analysis can be achieved by focusing the research commitment within each sub-programme element, ensuring interdivisional cross-fertilization and collaboration and further promoting creative partnerships with other United Nations entities and other international organizations, enhancing development-oriented complementarity, synergies and coherence consistent with each organization's mandate, and conducting systematic evaluation of research products.

186. UNCTAD should fully implement Trade and Development Board decision 449 (EX-17) and, on that basis, it should update and improve its publications policy by focusing on its flagship research products and on the major study series and high-quality technical materials. UNCTAD should also streamline its publication programme taking into consideration the needs of developing countries and the requirements identified in the intergovernmental process. UNCTAD's biennial publications programme should continue to be reviewed and endorsed by the Trade and Development Board, according to established programme budget categories (recurrent, non-recurrent and technical publications) to ensure consistency, effectiveness and relevance.

187. The secretariat should also develop a more effective communication strategy. The strategy should target a wider audience, including high-level policymakers, the media, academic and research institutions, and civil society entities in developed and, in particular, in developing countries. There should be greater use of electronic tools, including the UNCTAD website, and an emphasis on producing timely translations in all the official languages of the United Nations. Publications should also be disseminated in partnership with national, regional and other international organizations.

188. The communication strategy, including the updated publication policy, should be approved by the Trade and Development Board no later than its fifty-sixth session.

## **B. Consensus-building**

189. The consensus-building pillar of UNCTAD's work is of fundamental importance. The intergovernmental machinery should strive to build consensus on policies that allow developing countries to maximize the opportunities and address the challenges of globalization and economic integration, and that promote an enabling environment for sustained economic growth and sustainable development. It should also provide guidance for the work of the secretariat in all three pillars of UNCTAD. The intergovernmental character of UNCTAD must be preserved, and the coherence between the different levels of the intergovernmental process must be enhanced.

190. The outcomes of intergovernmental meetings should be more action-oriented and should identify practical solutions to trade and development problems.

191. Greater participation of non-State actors, civil society, the private sector and other stakeholders should be encouraged in UNCTAD's intergovernmental meetings, including expert meetings, in accordance with the established rules of procedure and as prescribed in paragraphs 115–118 of the São Paulo Consensus.

### **1. Trade and Development Board**

192. As the highest body of UNCTAD between Conferences, the Board should strengthen its decision-making and policy function, and its governance function. It should ensure overall consistency in the organization's activities and their implementation in accordance with established mandates. In carrying out its mandated functions, the Board should place particular focus on:

- (a) Conducting policy dialogue and intergovernmental consensus-building on substantive and strategic policy issues;
- (b) Reviewing the flagship publications and acting as a forum for disseminating key findings;
- (c) Integrating, in a systematic and coherent manner, the outcomes of its subsidiary bodies so as to provide overall policy guidance, including direction for new work covering its three pillars;
- (d) Ensuring that the interaction among the three pillars of UNCTAD is effective and that the synergies among them are operational;
- (e) Considering the work programme of the organization as a whole and its consistency with mandates;
- (f) Overseeing the operation of its subsidiary bodies and ensuring that they and the secretariat are discharging their mandates in accordance with intergovernmental decisions of UNCTAD;
- (g) Considering and approving UNCTAD's technical cooperation strategy, based on the recommendations of the Working Party on the Medium-term Plan and the Programme Budget; and
- (h) Following up on UNCTAD's communication strategy, including its publication policy and dissemination of publications, to ensure their effective implementation, and updating as necessary, based on the recommendations of the Working Party on the Medium Term-plan and the Programme Budget.

193. The Board's agenda should reflect the interests and concerns of the UNCTAD membership, be policy-oriented, include varied and topical issues falling under the purview of UNCTAD, and be organized around themes agreed to by member States. In organizing the substantive discussions, including the high-level segment, particular attention should be paid to achieving an interactive debate drawing on, inter alia, UNCTAD's research and analysis findings.

194. The Board will add to the agenda of its regular session an additional item entitled "Development strategies in a globalized world".

195. As an organ of the General Assembly, UNCTAD should enhance its contribution to the work of its parent body. The Board's report to the General Assembly will continue to comprise negotiated outcomes on Africa, the LDCs and technical cooperation, chair's summaries and negotiated outcomes addressed to the secretariat. The Board should also contribute more to the work of the Economic and Social Council, in accordance with relevant General Assembly resolutions, particularly to work related to the integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits.

196. The annual regular session of the Board will take place in early September.

197. In accordance with its mandated functions, the Board should make arrangements to enhance links with intergovernmental bodies whose activities are relevant to its functions. In this respect, the President of the Trade and Development Board should continue to participate in the General Assembly deliberations on trade and development and in the special high-level meetings of the Economic and Social Council with the Bretton Woods institutions, WTO and UNCTAD, and may participate in other major events in Geneva, upon invitation. The President of the Board will brief UNCTAD member States on the outcomes of such meetings and his or her participation therein.

198. The President of the Board should hold monthly consultations with the extended Bureau of the Board and interested member States to allow for regular briefings by the secretariat on forthcoming meetings, informal follow-up to meetings, and procedural and housekeeping matters. The monthly consultations should continue to serve as a forum for dialogue between the secretariat and member States on issues of interest to the organization.

199. The Conference welcomes the establishment of the Global Network of Development Think Tanks, involving institutions at the country level and regional networks. The Conference invites the Secretary-General of UNCTAD, on the basis of the experience gained and the lessons drawn in the operation of the network, in particular the virtual discussion forum, to explore the feasibility of organizing an annual meeting of the Global Network to be held in conjunction with the regular session of the Board.

200. There will be an additional agenda item at the regular session of the Trade and Development Board in 2010 entitled "Evaluation and review of UNCTAD's implementation of the Accra Accord". To address this agenda item, this regular session will be extended by one week. The Secretary-General of UNCTAD will present a report on UNCTAD's implementation of the Accra Accord; this report will be the basis for member States' discussion, which may result in recommendations to the secretariat regarding its implementation of the Accord.

## **2. Commissions**

201. The commissions are subsidiary bodies of the Trade and Development Board and their reports, including any conclusions and recommendations agreed within the scheduled time of their sessions, will be submitted to the Trade and Development Board for approval. They are intergovernmental meetings attended by government representatives. The role of the commissions is: to conduct policy dialogue on one or two selected issues; to consider reports of expert meetings; to manage and recommend for approval the work programme of expert meetings within their purview; and to promote and strengthen synergies among the three pillars.

202. There will be two commissions: one entitled the Trade and Development Commission and the second entitled the Investment, Enterprise and Development Commission. The Trade and Development Commission will have the mandate of the previous Commission on Trade in Goods and Services, and Commodities, and will also assume responsibility for transport and trade logistics issues from the previous Commission on Enterprise, Business Facilitation and Development. The Investment, Enterprise and Development Commission will have the mandate of the previous Commission on Investment, Technology and Related Financial Issues, and will also assume responsibility for enterprise and ICT issues from the previous Commission on Enterprise, Business Facilitation and Development.

203. The outcomes of commission sessions will be agreed conclusions from the policy dialogue and recommendations to the secretariat achieved within the scheduled time of the session. In this regard, recommendations could include suggestions on areas and topics of research. On the basis of a dialogue between beneficiaries and donors, recommendations could also include suggestions on the implementation and, if so agreed by the interested parties, on the discontinuation of technical cooperation projects. These conclusions and recommendations should be focused, brief and directly related to the agenda of the session and should provide inputs to the research and analysis pillar and the technical cooperation pillar. They will be reflected in the reports of the commissions.

204. The substantive topics for commission sessions will be decided upon by the Trade and Development Board, upon the recommendation of the Bureau of the

Board, at least six months in advance of the commission session, and will be based on a topic or topics selected from the secretariat research or from issues of interest identified in the reports of expert meetings. In order to allow for greater responsiveness to member States' interest in preparing for commission sessions, between sessions the Bureau of the Trade and Development Board will follow up on preparations for the next commission's session.

205. Commission sessions will be held at the same time each year in the Spring and back-to-back, in order to allow better planning and attendance, including from capitals. Each session will have a duration of five days, and this time period will include a break of one day for informal consultations. The first three days will focus on the substantive items of the agenda, comprising one or two topics decided in advance by the Bureau of the Trade and Development Board and consideration of expert meetings' reports and work plans. After a break of one day, on the last day of the session the commission will address the institutional issues on the agenda and adopt any agreed outcome.

206. The commission meetings will have as their inputs: substantive documentation prepared by the secretariat, providing secretariat views and recommendations based on secretariat research and analysis; reports of expert meetings; inputs from the Global Network of Development Think Tanks, civil society and the private sector; and secretariat activity reports. Documentation will be produced at least six weeks in advance of the session in all official United Nations languages, in accordance with United Nations rules.

### **3. Expert meetings**

207. Expert meetings will continue to be held under the auspices of the commissions. Expert meetings should be strengthened so that experts make a greater contribution to UNCTAD's programme of work in all three pillars. Expert meetings will be held in single sessions or in multi-year sessions. There will be no increase in the total number of expert meetings per year (eight), and individual sessions will not last more than three days. All expert meetings will comprise experts designated by member States but serving in their personal capacities. Balanced participation from capitals in different regions should be encouraged. Expert meetings should be interactive and enable all experts to participate fully; they should encourage sharing of experience and best practices; and they should facilitate networking among experts. They may generate, as part of the report of the Chair, practical options and actionable outcomes for consideration by the commissions, such as inventories of best practices, checklists, indicative guidelines, sets of criteria or principles, and model frameworks.

208. The topics and the terms of reference for multi-year expert meetings will be determined by the Trade and Development Board at its fifty-fifth session. The multi-year expert meetings will report annually to the commissions. Multi-year expert meetings will last for up to four years, though not beyond the session of the Conference following their establishment. In this regard, the Trade and Development Board will establish a multi-year expert meeting on commodities.

209. Single-session expert meetings will be convened on specific topics that require in-depth examination. The topics will be decided by the Trade and Development Board.

210. Funding for the participation of experts from developing countries, including LDCs, and countries with economies in transition must be sustainable and predictable. Funding will come from the trust fund that exists for this purpose, and the Secretary-General of UNCTAD is requested to make a renewed, sustained effort

to attract contributions to the fund on a priority basis. Member States are encouraged to contribute to the fund.

211. The Intergovernmental Group of Experts on Competition Law and Policy and the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting will continue to meet annually.

### **C. Technical cooperation**

212. As one of the three pillars of UNCTAD, technical cooperation should be fully integrated with the other two pillars. Technical cooperation should:

- (a) Deliver tangible results at the interregional, regional and national levels, to the benefit of all developing countries;
- (b) Be demand-driven and embrace country ownership;
- (c) Be based on the principles of transparency, efficiency, effectiveness and accountability;
- (d) Continue to address the needs of all developing countries, in particular LDCs;
- (e) Particularly address the needs of the African continent;
- (f) Be planned and implemented in a geographically balanced manner;
- (g) Continue to address the special needs and problems of landlocked developing countries;
- (h) Also continue to address the special needs of small island developing States, and to address the special needs of other structurally weak, vulnerable and small economies;
- (i) Be in accordance with Trade and Development Board decisions 492 (LIV) of 2007 and 478 (L) of 2003; and
- (j) Also be in accordance with the conclusions of the Mid-term Review in 2006.

213. Regional partnership-based delivery of technical assistance activities should be maximized in order to benefit from pooled resources. Local and regional expertise and material resources should be used to the maximum to enhance the institutional capacity of recipient countries and the sustainability of benefits.

214. With regard to LDCs, UNCTAD should intensify its contribution to the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries. UNCTAD, in collaboration with other participating institutions, should contribute to strengthening in-country capacities for the effective management, implementation and monitoring of the mainstreaming of trade into LDCs' national development plans. The Conference takes note of the successful outcome of the Pledging Conference on the Enhanced Integrated Framework, held in Stockholm on 25 September 2007.

215. Efforts should be pursued to improve the management, evaluation and reporting of all technical assistance activities, with greater attention being paid to:

- (a) Measuring the effectiveness and evaluating the impact of those activities, in accordance with the relevant paragraphs of Trade and Development Board decision 478 (L) and relevant United Nations rules and procedures on technical cooperation evaluation;
- (b) Clearly identifying the roles and responsibilities within the secretariat; and

- (c) Tracking the demand for assistance and the availability of funding. There should be more cross-divisional cooperation in order to promote a holistic, UNCTAD-wide perspective and to enhance synergies, cost-effectiveness and the sharing of best practices and lessons learned in the design and implementation of technical assistance activities.

216. The Conference underscores Trade and Development Board decision 492 (LIV) and encourages its effective implementation in order to increase predictability, transparency and coherence in the planning and implementation of technical assistance programmes with a view to enhancing the effectiveness and impact of UNCTAD technical cooperation.

217. Fund-raising should also be further improved. In line with Trade and Development Board decision 492 (LIV), donors and potential donors in a position to do so are urged to provide multi-year contributions to the newly established thematic trust funds so as to increase predictability in the planning and implementation of the relevant technical assistance programmes. Other ways and options to improve fund-raising and diversify the funding base should also continue to be explored, such as more effective outreach and presentation of UNCTAD technical cooperation capacities and programmes and of funding needs.

218. One of the key aims of the current United Nations reform proposal is to improve the ways in which United Nations agencies operate at the national level. UNCTAD should reinforce its operational links with other United Nations organizations, particularly those operating at country level. The Conference welcomes the establishment by the United Nations System Chief Executives Board for Coordination of the inter-agency thematic cluster on trade and productive sectors, the purpose of which is to enhance the role of trade and related issues in United Nations development assistance plans, undertake joint operations at the country level and enhance inter-agency cooperation in system-wide initiatives in these areas. The newly established training programme for United Nations resident coordinators on the activities and programmes of the thematic cluster should be pursued actively. As a complement to that training, the designated regional focal points referred to in paragraph 178 above should, within the framework of established secretariat procedures, also assist United Nations resident coordinators in identifying and developing UNCTAD programmes for their countries and their inclusion in United Nations development frameworks. General Assembly resolution 62/208, entitled “Triennial comprehensive policy review of operational activities for development of the United Nations system”, and subsequent resolutions on this subject, should be implemented by UNCTAD as expeditiously as possible.

219. The Conference welcomes and encourages the implementation of the Aid for Trade initiative and takes note of the Aid for Trade Global Review held from 19 to 21 November 2007. The Aid for Trade initiative includes resources for technical assistance provided through both bilateral and multilateral channels to build capacity to formulate locally-owned trade policies, participate in trade negotiations, implement trade agreements, build supply-side capacities and offset adjustment costs. UNCTAD can contribute to the realization of the Aid for Trade initiative through, inter alia, its technical cooperation activities, including through its participation in the trade and productive capacity cluster.

220. UNCTAD should also improve its technical cooperation outreach towards potential recipients, including LDCs, taking into consideration Trade and Development Board decision 478 (L). The interaction between the secretariat, potential beneficiaries and donors on UNCTAD technical cooperation should be carried out in a more structured way and facilitated within the framework of the

Working party on the Medium-term Plan and the Programme Budget (Technical Cooperation).

#### **D. Implementation**

221. In order to implement the activities outlined in the operational paragraphs on UNCTAD's contribution and on strengthening UNCTAD in the Accra Accord in an efficient and timely manner, they should be presented, in accordance with United Nations rules and practices, as the work programme for the next four years with clearly defined objectives and outputs, including timeframes and expected outcomes. The Secretary-General of UNCTAD should present the work programme to member States for discussion at the first meeting of the Working Party on the Medium-term Plan and the Programme Budget and the subsequent session of the Trade and Development Board.

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