

V. Strengthening UNCTAD's role, impact and effectiveness

152. UNCTAD is an integral part of the multilateral development system. As the focal point of the United Nations on trade and development and the interrelated issues of finance, investment, technology and sustainable development, its distinctiveness lies in its treatment of development against the multifaceted challenges arising from the fast-changing world economy and international trade. Over more than four decades in the service of development, UNCTAD has consistently addressed the concerns and endeavoured to advance the interests of all developing countries in the international economic and trading systems. In the context of deepening interdependence between developed and developing countries, as well as among the latter, this unique orientation of the organization will continue.

153. Enhancing UNCTAD's institutional effectiveness is a continuous process. The key aim is to keep the organization fit so that it can make the maximum contribution to the multilateral development system by promoting the economic advancement of developing countries. Since UNCTAD XI, the institutional aspects of UNCTAD's work – involving the three pillars of research and analysis, intergovernmental work and technical cooperation – have been taken up within the context of two distinct but complementary processes.

154. At the mid-term review conducted by the Trade and Development Board in 2006, member States made recommendations on all three pillars. In addition, a panel of eminent persons was established in 2005 to advise on enhancing the development role and impact of UNCTAD. At its forty-first executive session, in April 2007, the Board endorsed a number of the panel's recommendations, and implementation of these has begun. The Board also decided to pursue its consultations on those recommendations on which conceptual convergence emerged.

155. At the same session, the Board decided that one of the sub-themes of UNCTAD XII would be "Strengthening UNCTAD: enhancing its development role, impact and institutional effectiveness". The inclusion of this sub-theme in the agenda of the Conference is a clear indication of member States' desire to further strengthen the organization's contribution to development.

A. Improving the working methods of UNCTAD

1. Research and analysis

156. UNCTAD is primarily a knowledge organization, with research and analysis at its core. Further strengthening UNCTAD's research and analysis will involve a multi-point strategy aimed at sharpening its policy-orientation, with greater attention to the implications of a resurgent South for development, international economic cooperation and systemic issues. Greater emphasis will be paid to the country dimension, the capacity to respond quickly to emerging and new issues, and improved outreach. To that end, mobilizing adequate resources for research and analysis will be an important consideration.

157. A primary goal of research in an intergovernmental organization is to provide policymakers with sound and realistic policy choices. To that end, UNCTAD's research will continue to be policy-oriented, focusing more sharply on providing genuinely development-oriented policy options at the national, regional and international levels, as well as on systemic issues affecting development. Besides

the continued treatment of medium- and long-term issues, it should be possible during each four-year conference cycle to identify a body of innovative and practical policy recommendations on new and emerging issues arising from UNCTAD's research effort.

158. There is now clear convergence on a view long held by UNCTAD that development is not a linear process amenable to a standardized set of policy prescriptions. The fact that one size does not fit all warrants greater attention in UNCTAD's research to the specific situation in different countries, with a view to enhancing the development impact of UNCTAD's work. To further account for country experiences, research and analysis will place greater emphasis on country case studies and country-specific policy reviews. In the case of the latter, UNCTAD has considerable experience in investment policy reviews, and this approach should be extended to other areas, such as trade and commodities.

159. Another way in which UNCTAD can increase its impact is to develop a capacity to respond rapidly to emerging issues in order to make its analysis and policy recommendations available to member States and other stakeholders "in real time". This should help member States to deal more effectively with challenges such as global economic imbalances, financial crises, the trade and developmental aspects of post-conflict reconstruction and recovery, and the economic implications of phenomena such as pandemics or climate change.

160. To strengthen the impact of its research, UNCTAD needs to greatly improve its outreach, which will require better targeting of the audience for its work, better management of its relationships with the media and smarter use of information and communication technology to disseminate its messages. It will be important to reach out to policymakers and policy advocates in all regions and at all levels, as well as to academic and research institutions and civil society entities. To that end, a proactive effort will have to be made to identify a broad network of recipients. UNCTAD should also strengthen ties with the development research community in developing countries.

161. The further strengthening of UNCTAD's research and analysis will warrant the provision of more resources for this purpose. This can be achieved through a combination of the following: (a) deepening the research commitment within each relevant programme element; (b) intensifying interdivisional collaboration on cross-cutting issues such as the least developed countries and South-South cooperation; (c) making greater use of interdivisional task forces, which should allow resources to be devoted temporarily to specific time-bound research projects without altering their long-term allocation; (d) engaging in intensified research collaboration with other parts of the United Nations system, as well as with a network of research entities throughout the world; (e) using increased extrabudgetary resources for research and analysis, especially with regard to new and emerging issues, with the possibility of using part of these resources to establish a system of resident scholars to work on new and emerging issues on fixed-term contracts. The long-term goal of these steps is to strengthen UNCTAD's position as a pre-eminent centre of research and a leading source of policy support for decision makers at the national and international levels.

2. Intergovernmental machinery

162. The intergovernmental machinery of UNCTAD must be more action-oriented in its monitoring of systemic changes in the areas of trade, finance, investment, technology and sustainable development, and in its practical contributions to development policy options at the national, regional and global levels. One of the principal objectives of its work should be to effectively equip developing countries with realistic and smart policy choices to enable them to maximize the opportunities presented by globalization and economic integration and to deal with the risks arising therefrom. This is particularly important for countries that have not been able to participate meaningfully in the globalization process but have been exposed to its risks. A related task should be to make constructive suggestions on how to achieve the orderly evolution of the international economic and trading systems in a development-supportive manner.

163. The added value of having an issue discussed in an intergovernmental forum is the prospect of reaching intergovernmental consensus that leads to intergovernmental action. At the mid-term review in 2006, member States recommended that UNCTAD should ensure that intergovernmental meetings resulted in development-oriented outcomes, including policy options (TD/B(S-XXIII)/5, para. 13 (b)). This important recommendation should now be fully implemented, bearing in mind the broader systemic shifts affecting development.

164. The intergovernmental pillar of UNCTAD must also be more closely linked with the research and analysis pillar. Greater attention should be given to utilizing the secretariat's analysis more fully in the process of formulating policy-oriented outcomes. At the same time, the intergovernmental machinery should identify areas where new or further research and analysis is required. It should discuss emerging challenges and opportunities based on a real-time analysis by the secretariat with a view to producing rapid policy responses. This will require a more innovative and targeted use of the intergovernmental machinery, especially the executive sessions of the Board.

165. The Trade and Development Board should have a broader agenda and should play a more prominent role in the work of the General Assembly and the Economic and Social Council. The Board should support the work of the Assembly more actively in the main areas of UNCTAD's mandate, including trade, finance and investment, as well as in the areas of systemic issues and countries with special development needs. In particular, it should specifically seek to contribute agreed inputs to the General Assembly's deliberations and resolution on trade and development, including by submitting agreed elements of the resolution for consideration by the General Assembly.

166. For the Board to play a more prominent role in the work of the General Assembly, its calendar of meetings should be harmonized with that of the Assembly. To that end, expert meetings could take place from November to March and sessions of the commissions in May–June, so that the results of their work could feed into the deliberations of the Board in September or October and then into the work of the General Assembly in October or November. This would also allow more time to prepare for expert meetings.

167. The Board should also play a full role in UNCTAD's contribution to the implementation of and follow-up to the Millennium Development Goals and the outcomes of major United Nations and other international conferences and summits. In addition to carrying out its annual review, it should seek to take advantage of UNCTAD's research and analysis to contribute to the General Assembly's ongoing work in such areas as the Millennium Development Goals, sustainable development and financing for development. It should also contribute in such areas as South-South cooperation, climate change and poverty eradication.

168. The mandates of the three existing commissions (on trade, investment and enterprise) need to be reviewed; proposals for the creation of a new commission have already been tabled. In taking their decision on this issue, member States may wish to consider the possibility of establishing commissions for a four-year period consistent with the UNCTAD conference cycle, while keeping in mind the need to retain a standing focus on the core areas of its work.

169. A number of expert meetings have proved successful because of the inherent interest of the topics and the quality of the discussions. To enable such meetings to systematically achieve their full potential in terms of contributing to policy formulation, it will be important to focus more sharply on actionable outcomes, make better use of analytical inputs so that topics are dealt with in greater depth, and promote closer interaction among participants. A key constraint on the effective functioning of expert meetings is the ongoing problem of funding the participation of experts from developing countries. So far no sustainable funding method has been found, nor has consensus been reached on the use of regular budget resources for this purpose. Contributions to the trust fund set up to finance expert participation have been inadequate to cover needs. A permanent solution to this problem must be found, since maintaining the status quo without one is no longer a viable option if the expert meetings are to function effectively.

3. Technical cooperation

170. The most important issue to come up recently in relation to technical cooperation is the "One United Nations" concept, which was launched in 2004 by the United Nations Development Group and the United Nations System Chief Executives Board for Coordination to achieve more cohesiveness and efficiency in United Nations development assistance operations at the country level. In 2005 and 2006, the Economic and Social Council, the General Assembly (in its follow-up to the Millennium Summit) and the High-level Panel on System-wide Coherence of the Secretary-General of the United Nations made similar calls for greater country-level coherence. In December 2006, eight countries volunteered to be One United Nations pilot countries, and in April 2007 the Secretary-General of the United Nations submitted his response to the report of the High-level Panel on United Nations System-wide Coherence to the General Assembly (A/61/836).

171. UNCTAD currently faces a number of difficulties at the country level. It is a "non-resident agency", meaning it does not have a country presence; trade-related assistance is marginal in the design of United Nations plans at the country level; the extrabudgetary resources currently provided to UNCTAD are fragmented, unpredictable and earmarked; and its interregional and regional operations do not facilitate participation in the United Nations Development Assistance Framework (UNDAF), which is country-based. It will therefore be essential to ensure that the

One United Nations process is implemented in such a way that it becomes easier, not harder still, for UNCTAD to raise the profile of trade and development at the country level.

172. To achieve this, UNCTAD will have to work closely with other organizations that have complementary objectives. At the most recent meeting of the Chief Executives Board for Coordination, UNCTAD proposed the creation of a “trade and productive sectors” cluster, the purpose of which would be to allow organizations working on trade and development and related issues to join forces and, within the One United Nations process, to increase their impact at the country level. The organizations involved so far are the United Nations Industrial Development Organization (UNIDO), the Food and Agriculture Organization of the United Nations (FAO), the International Trade Centre (ITC) and WTO, but it will be important to engage the regional commissions of the United Nations as well. The goal is to raise the profile of trade and productive sectors in various countries, to propose a package of technical cooperation programmes that could be supplied by the cluster, and to ensure greater overall coherence in country development plans.

173. A second major focus for UNCTAD technical cooperation activities will be the “Aid for Trade” initiative. The aid-for-trade agenda includes technical assistance to build capacity to formulate locally-owned trade policies, participate in trade negotiations, implement trade agreements, build supply-side capacities (including trade-related infrastructure) and provide compensatory assistance to offset adjustment costs. UNCTAD can provide technical cooperation at each stage of the trading process, from investment, enterprise development and financing, through customs operation and transport, to market access and market entry. Moreover, the WTO task force on aid for trade has recommended that donors should consider channelling aid-for-trade funds multilaterally where appropriate. UNCTAD, working in cooperation with other organizations, notably the members of the trade and productive sectors cluster, should play a leading role in this respect.

174. Underlying these objectives is the assumption that UNCTAD’s technical cooperation efforts must be much better organized and integrated. Greater use should be made of “packages” of programmes, which should be sharply focused on a limited number of thematic areas. This will not only help resolve the problem of fragmentation of such efforts, but also improve UNCTAD’s ability to better integrate its technical cooperation activities at the country level.

175. UNCTAD also has to greatly improve its technical cooperation outreach. It must ensure that its technical cooperation capacity is brought to the attention of potential recipients much more effectively; it must ensure that its funding needs are brought to the attention of potential donors in a much more coherent way; and it must continuously monitor and evaluate the effectiveness of its technical cooperation activities in order to better disseminate their added value and relevance. For their part, developing countries should make their needs known to the secretariat, and donors are urged to substantially increase their contributions to UNCTAD technical assistance funds in the context of their commitment to substantially increase official development assistance.

B. Enhancing UNCTAD’s role in emerging issues

176. UNCTAD will be strengthened and its impact enhanced if it is entrusted with ambitious goals. No matter how efficient UNCTAD’s working methods may be, if

the tasks it is asked to do are not significant, its impact will not be significant either. Such tasks may relate to traditional areas of its work that are still important in relation to development, or to new and emerging issues upon which UNCTAD's expertise can be brought to bear. Some examples of such issues are given below.

1. Special development needs of groups of countries

177. The lack of progress made by the least developed countries towards achieving the Millennium Development Goals has emerged as a serious concern at the mid-point of the time frame for their implementation. UNCTAD will contribute to the efforts by the United Nations system to diagnose the causes of this lack of progress and will make practical policy recommendations to put the LDCs back on track. Poor middle-income countries and some economies in transition are also beset by poverty, unemployment and income inequality, and are in urgent need of more targeted international support, including through international poverty-reduction efforts. The Trade and Development Board could take up these issues on the basis of analysis provided by the UNCTAD secretariat, with a view to making recommendations.

2. New-generation South–South cooperation

178. UNCTAD has always championed South–South cooperation. In the current phase of globalization, the relevance and development potential of South–South cooperation has increased substantially. UNCTAD will strengthen its support for such cooperation by: deepening its research and analysis of South–South trade and investment, with the focus on new opportunities and emerging challenges; supporting South–South regional and interregional trade integration, including networking of South–South regional trade agreements and the interface with North–South agreements; providing practical, pro-development solutions to expand South–South trade in goods, services and commodities; upgrading its data and analytical tools on South–South cooperation, such as the new South–South Trade Information System; focusing its technical cooperation programmes more on South–South issues; and supporting the Agreement on the Global System of Trade Preferences among Developing Countries.

3. A changing commodities economy

179. Since 2002, there has been a “commodity boom”, with international commodity prices showing a strong upward trend. Commodity-dependent developing countries may be able to use this window of opportunity to grow at a pace that will reduce poverty. Their success will depend on both the international environment – including the provision of finance for investment in infrastructure and supply-side capacity-building – and their ability to undertake necessary institutional development. UNCTAD will provide analytical and capacity-building support, particularly by strengthening its work on improving the access of small and poor producers to markets; strengthening regional cooperation on commodity market development; promoting the sustainable-development aspects of commodity production and trade; and enhancing the management of mineral resource wealth. UNCTAD's ongoing work on improving the competitiveness of commodity sectors and vertical and horizontal diversification will be informed by the need to respond to the changes taking place. In this context, the aid-for-trade initiative will be particularly important. UNCTAD will also give priority to issues that require action

at the multilateral level, including the development of new mechanisms to mitigate the short-term impact of commodity market fluctuations and the financing of safety-net programmes. It will mobilize international cooperation in support of commodity sector development.

4. Trade and development implications of climate change

180. The impact of climate change, which will have particularly adverse consequences for developing countries, and the significant economic costs of inaction in this area have recently been receiving increased attention from the international community. Measures taken in response to climate change in the areas of transportation, energy use, electricity generation, agriculture and forestry have significant trade and development implications. There is a growing willingness to adopt more stringent climate-change policies at both the national and international levels. UNCTAD is particularly well placed to address the following issues in this respect: the effect of climate-change policies on trade competitiveness, particularly with regard to the fossil-fuel energy content of tradable goods; trade and investment opportunities arising as a result of the adoption of measures to combat climate change; investment promotion and development gains in developing countries under the clean development mechanism of the Kyoto Protocol; and the compatibility of climate policy and trade rules.

5. Migration

181. Labour migration is expected to continue to rise for economic, political, security and sociocultural reasons, but opportunities for labour market integration remain limited due to political and security pressures, as well as its perceived negative effects on wages and employment. Migration brings benefits and costs to both countries of origin and countries of destination: the challenge is to ensure win-win outcomes for all. UNCTAD can help promote inclusive globalization in respect of migration by assisting countries to incorporate policies on labour market integration into their national and international development strategies; it can clarify issues at the interface of trade, migration and globalization; and it can enhance understanding and consensus among policymakers on the balance of benefits accruing from labour market integration.

6. Energy security

182. There are still 1.6 billion people in the world without electricity: to achieve the Millennium Development Goals, this number would need to be reduced to less than 1 billion by 2015. However, this will not be possible without dramatic new investment in energy infrastructure and resources, including alternative energy sources and efficient energy use. Countries need to optimize their energy mix and expand the use of renewable energy sources such as biofuel that contribute less to climate change while having a positive effect on rural incomes and agricultural diversification. Oil-exporting developing countries face the challenge of investing the surplus in such a way that it provides income for future generations without weakening the competitiveness of other exports. UNCTAD can help energy-exporting countries to devise strategies on the development of the energy sector as an engine for growth and development; assist energy-importing countries in attaining energy security through producer-consumer partnerships; enhance

procurement, finance and risk management; and promote regional energy cooperation.

7. Trade and development dimensions of post-conflict recovery

183. Restarting and transforming the economic machinery is a pressing concern for countries emerging from conflict and trying to put their societies on the road to recovery and growth. In a globalizing world economy, such efforts need to take full account of trade, investment and interrelated issues. UNCTAD's expertise and experience could make a significant contribution to the efforts by countries in the recovery process to formulate effective development strategies that would help them not only to devise ways of integrating into the global and regional economies on beneficial terms, but also to cope with external economic challenges. UNCTAD research and policy support could be complemented by technical cooperation for institutional, legal, regulatory and human capacity-building, to be delivered in cooperation with other United Nations agencies in order to provide the necessary, but so far underrepresented, economic aspect of post-conflict and crisis recovery.

8. Science, technology and innovation

184. As the global marketplace becomes increasingly liberalized and competitive, countries need to constantly upgrade their technological capabilities. Governments need to regularly assess the conditions governing the transfer of technology and the requirements for upgrading technological capacity. They also need to identify weaknesses in their science and technology policy, including in their innovation policies, and ensure they have the appropriate institutions to support their science and technology strategy. Information and communication technologies are unique in the way they can allow newcomers to leapfrog to state-of-the-art technologies without having to struggle with obsolete technologies.

185. UNCTAD should undertake policy-oriented research into knowledge as a global public good and into issues related to the transfer of technology, including appropriate mechanisms for its global dissemination. It should enhance its research and analysis on the role and impact of information and communication technologies in the field of development, with a focus on the information economy (including issues of Internet governance), intellectual property rights and the financing of technologies. It should also analyse trends in emerging technologies, in particular with regard to promoting the transfer of environmentally sound technologies to developing countries.

186. In full synergy with its research and analysis work, UNCTAD should provide technical assistance to countries through its science, technology and innovation policy reviews. It should also provide assistance with policymaking in the field of information and communication technology (ICT), including ICT measurement and legal and regulatory frameworks. In order to enhance the development of knowledge and skills for the purposes of trade, science and technology, UNCTAD should continue to encourage links between researchers and policymakers and the use of research-based policymaking for sustainable development and poverty reduction.

9. Emerging barriers to developing countries' trade and investment

187. It is a matter of concern that the opportunities for access by developing countries to developed countries' markets are subjected to an increasing variety of

non-tariff barriers. The Secretary-General's High-level Panel on Non-Tariff Barriers is a timely step in dealing with this issue in a system-wide manner. At the same time, the establishment of an inter-agency mechanism on this topic to assist the Panel is a testimony to UNCTAD's eagerness and ability to work with agencies of the United Nations system on common issues. Work on this issue will continue and will be strengthened. Another emerging type of barrier relates to developing countries' investment efforts in developed countries, which at times come up against obstacles on the grounds of national security, economic patriotism, social clauses and other forms of restriction. These and other emerging barriers need to be dealt with systematically, with a view to establishing fair terms of engagement.

10. Aid for trade and development

188. Aid for Trade is an essential complement to international trade liberalization, whether multilateral, bilateral or unilateral, to realize the potential development gains and to mitigate the costs of adjustment and implementation. Aid-for-Trade funds should be channelled multilaterally to help developing countries build their productive capacities and their ability to compete effectively in international markets. As indicated in chapter IV, progress on Aid for Trade must not be linked with progress in the Round. These important markers for Aid for Trade have been highlighted in the report of the WTO Task Force on Aid for Trade and should be taken on board in transforming commitments into action. For their part, prospective beneficiaries of Aid for Trade must ensure better mainstreaming of trade into national development policies and plans. Prioritization of trade in development is critical to evolving stakeholder Governments' commitment to trade and to implementing trade-enhancing programmes.

189. Over a period of many years, UNCTAD has gained significant experience in trade- and development-related technical assistance, and its programmes can make an important contribution. For example, UNCTAD has established expertise in training officials from developing countries in trade policy issues and assisting them to participate effectively in trade negotiations; promoting the diversification of commodity-dependent economies; assessing the impact of trade in services, non-tariff barriers and the interface between trade and environmental measures; strengthening developing countries' capacities to meet environmental and health-related product standards and to make use of preferential schemes and regional integration, including among developing countries; and drafting competition laws and policies.

190. UNCTAD can further assist developing countries in building productive capacities and international competitiveness through such measures as investment policy reviews and investment promotion; science, technology and innovation strategies; entrepreneurship and enterprise development; trade logistics; customs systems and trade facilitation; and the use of information and communications technologies for development. Together with other crucially needed measures, such as building and upgrading infrastructure and adjustment assistance, these actions will significantly strengthen the ability of developing countries to make use of existing and new market access opportunities and thereby multiply the gains from trade.

C. Enhancing UNCTAD's role in the context of United Nations reform

191. Efforts are being made to strengthen UNCTAD's role within the context of United Nations reform, a process that is still under way and whose outcome cannot be predicted with certainty. However, it is safe to say that development will remain a core preoccupation of the United Nations and that UNCTAD will have a distinct role in carrying forward the development mission of the United Nations.

192. The basic mandate of UNCTAD is set out in General Assembly resolution 1995 (XIX) of 1964, which established UNCTAD as an organ of the General Assembly. Since then, UNCTAD has been designated as the focal point within the United Nations for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development.

193. In the coming years, developing countries and countries with economies in transition will continue to face major challenges in the area of trade and development, including those arising from emerging and new issues. They will continue to need policy advice, and they will continue to need capacity-building assistance. As the United Nations focal point in this area, and as an organ of the General Assembly, UNCTAD must play a lead role in tackling these challenges. At the same time, the General Assembly will need to make sure that UNCTAD is shielded from wasteful "mandate creep".

194. The actions outlined in this report are designed to help enable UNCTAD to fulfil its role in promoting international cooperation in the field of trade and development and in helping countries address the challenges and opportunities of globalization. They will establish UNCTAD as a leading centre of research and analysis, providing its stakeholders with innovative and practical policy recommendations based on broad cooperation with other organizations and think tanks. They will enable the UNCTAD intergovernmental machinery to generate action-oriented outcomes in all areas of UNCTAD's mandate in order to guide Governments in their development efforts and in promoting orderly and development-oriented systemic evolution, and they will allow it to support the General Assembly directly in its deliberations on trade and development. They will place UNCTAD at the heart of a cluster of global and regional organizations offering a package of capacity-building technical assistance activities on trade and development and interrelated areas that can be delivered through the One United Nations process in accordance with each country's needs.
