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Introduction From Accra to Doha

1 (1). In the period since UNCTAD XII in Accra in 2008, there have been dramatic changes in the global economy. At the same time, some of the long-standing trends that were already under discussion in Accra have continued. Together, these changes and trends are reshaping the international economic environment and giving rise to new trade and development challenges. In particular, policymakers everywhere are looking for ways to build more inclusive and secure results, and to set the course for development-centred globalization.

2 (2). UNCTAD XIII is an important contribution towards the achievement of development-centred globalization through constructive dialogue and a concerted effort by all stakeholders to apply the lessons learned since Accra.

3 (3). This positive spirit is critical, as beginnings often require new ideas. UNCTAD's role as an incubator of such ideas in the field of trade and development is grounded in a willingness among all its stakeholders to engage constructively in meeting the challenges ahead.

4 (4). The Accra Accord was in the best traditions of UNCTAD of being ahead of the curve, pursuing a constructive trade and development agenda, and being anchored by the three pillars of policy analysis, consensus-building and technical cooperation. Many of the outcomes of UNCTAD XII remain valid, and this Conference reaffirms them. Yet, as the world has moved on, so must UNCTAD. This Conference, therefore, builds on but also looks beyond Accra, so that UNCTAD may continue to strengthen its development role and impact.

5 (5). There are many challenges. Some are emerging; others are more persistent and have eluded clear policy solutions. Yet, beyond the difficulties of the current economic landscape lies the potential of a stronger global economy that could, through a judicious

mix of entrepreneurial endeavour, smart policymaking and effective cooperation, nurture truly sustainable and inclusive development outcomes.

6 (6). The financial crisis which struck shortly after the Accra Conference ushered in the first contraction in the global economy since the 1930s. Although it originated in the advanced countries, it spread very rapidly, through adverse movements in financial flows, trade and investment. The world's poorest countries were not spared. Despite the coordinated policy efforts of leading economies, both developed and developing, the global economy remains fragile.

7 (6). The first challenge is to reconnect finance with the real economy in support of inclusive and sustainable development. The crisis has demonstrated that all countries, developed and developing alike, can pay serious political, economic and social costs if financial markets are left to regulate themselves. The scale, reach and persistence of the crisis therefore call for rethinking development principles, values and attendant policy measures, at the national, regional and international levels, to ensure that the financial and productive sides of the economy evolve in a mutually supportive and harmonious manner.

8 (7). A second challenge, potentially more daunting, is to address food insecurity. Sharply rising food prices raised the issues of hunger and food insecurity during UNCTAD XII and have since been a source of serious social and political unrest in a number of countries. At least 1 billion people remain food insecure. The volatility of food prices along a rising trend reflects both fundamental economic forces and the increasing financialization of commodity markets. Greater price stability for foodstuffs is an essential component of food security. However, the underlying challenge is bolstering agricultural development and food distribution and increasing yields through higher levels of investment and widely shared technological progress.

9 (8). A third challenge has arisen around energy price hikes which, in a similar fashion to volatile food prices, have raised the issue of energy insecurity. The bulk of energy infrastructure has yet to be built in many developing countries, leaving energy services undersupplied and expensive, with an estimated 2 billion people without access to modern energy services. Filling this gap is essential for building inclusive development paths.

10 (9). The fourth and potentially most menacing challenge is climate change. The urgency of tackling this problem is underscored by the continuing rise in greenhouse gas emissions, even as the global economy has slowed down. Warming temperatures are already threatening lives and livelihoods in some developing countries. Related threats from natural disasters, not all of which are linked to climate change, are adding to concerns about growing environmental insecurity in all countries, in particular in the poorest and most vulnerable.

11. Additionally, cross-cutting economic, social and environmental challenges continue to require lasting solutions that must be holistically addressed.

12 (11). In isolation, meeting each of these challenges will require massive resource commitments and policy efforts. However, what has become increasingly apparent since the Accra Conference is that these challenges are closely interconnected and will have to be tackled together. That underscores the importance of effective governance, at all levels, to meet the challenges of an interconnected world.

13 (10). Efforts to strengthen governance have, in recent years, been made more difficult in many countries, both developed and developing, by a strong rising trend in levels of inequality. This trend has multiple dimensions in which growing income gaps are compounded by gender, ethnic, regional and other sources of discrimination and inequality, posing a direct challenge to inclusive and sustainable development. It also undermines the

trust and sense of togetherness, which are essential to cooperative solutions, particularly at the global level.

14 (12). If the economic and social imbalances that have come into sharper focus since UNCTAD XII persist, and if the economic recovery remains fragile, there is a real threat of a political backlash that may wipe out the benefits of a more open global economy, and roll back the achievements of economic integration and reforms at the national level. The burden of reversing international economic integration would undoubtedly be heaviest on those least able to afford it, but the damage would be felt across all countries and communities.

15 (13). Avoiding a backlash against globalization and finding lasting solutions to the imbalances that threaten sustainable and inclusive development will require collective measures and actions at the national, regional and international levels. The international community can provide the lead by establishing the principles, partnerships and priorities of a development-centred globalization. Doing so can mark a new beginning for multilateralism in general and development cooperation in particular.

Development-centred globalization: Towards inclusive and sustainable growth and development

A. Policy analysis

16 (14). Globalization describes the growing interdependence of nations through increased cross-border trade, capital, technology and information flows. The lowering of economic, technical, geographic and cultural barriers has been a long-standing feature of human progress. How these elements are combined and their impact on development prospects have, however, changed over time. In recent years, the benefits, risks and challenges associated with globalization have been closely linked to the rapid expansion of international financial markets.

17 (15). Effective financial markets are key to raising resources for sustainable growth and development. However, problems can emerge when these markets become divorced from the needs of the real economy. Such a growing disconnect appears to be one of the main reasons why the pattern of growth and development has, in recent years and in many countries, been neither inclusive nor sustainable.

18 (16). A key challenge in building a more development-centred globalization is to ensure finance is again put at the service of building the productive economy. Doing so will require the adoption of more *innovative* approaches to development strategy. Business as usual is not an option if the global economy is to be rebalanced in a manner that is timely, sustainable and fair. Innovative approaches must be tailored to local needs and circumstances, and ensure that policymakers have the space to discover what works effectively, given specific needs and circumstances.

19 (17). New development strategies must be *inclusive* and designed to meet human needs. People everywhere have similar needs and aspirations, including a decent occupation, a secure home, a safe environment, a better future for their children and a responsive government. Since these ends are closely interconnected, development strategies should adopt an *integrated* approach. The desired policy options are unlikely to emerge if financial markets are examined separately from trade or production, the workings of the macroeconomy from the behaviour of firms and households, or the economic from the social and environmental spheres.

20 (18). Innovative development strategies will have to be carried forward by new development partnerships. These partnerships can draw on market norms and behaviour. But a strong sense of trust and solidarity among those involved will need to build such partnerships on broader foundations.

21 (19). At the domestic level, the role of the State remains key to establishing appropriate development partnerships that bring together the private and public sectors, small-, medium- and large-scale enterprises, lenders and borrowers, domestic and foreign producers, etc. To do so, States must forge a coherent developmental vision and build a strong compact across different social groups.

22 (20). The twenty-first century developmental State should be a pragmatic and proactive player, enabling and complementing the private sector. But it also has an independent role correcting market failures and setting national priorities. Just as experience has shown that government-directed development policy without consideration of market forces can lead to inefficiency and misallocation of resources, so have we learnt in recent years that, if governments do not provide an adequately regulated enabling environment, then those same forces can produce considerable economic and social costs and even threaten national sovereignty.

23 (21). Successful developmental States have been built around structures of consultations, accountability, transparency and learning. These have helped to create a predictable economic environment with secure property rights, strong competitive forces and a commitment to long-term investments, including in human capital. These are key components of good economic governance. Successful countries have also adopted growth-enhancing strategies, which have included active State support for mobilizing resources and directing them in to productive activities, setting clear performance criteria for the recipients of State support, enhancing dialogue with local stakeholders and establishing the space to consider policy options in line with local needs and capacities.

24 (22). While a focus on investment implies attention to mobilizing domestic resources, including for the public sector, it also serves as a reminder that affordable and reliable sources of external financing remain a constraint on growth and development in many developing countries, particularly the least developed.

25 (23). *Industrialization* remains a priority for most developing countries, and many economies in transition, because it promotes positive structural transformation and generates mutually supportive linkages between investment, productivity, employment and incomes. These linkages are not fixed. Policymakers must remain alert to the problems that can accompany structural transformation and should be aware of new opportunities and challenges, particularly in the context of a changing global context. Moreover, economic diversification is not only about industrial development. Policymakers need also to focus on the linkages within and across sectors, including in the rural economy, which remains key to sustainable and inclusive outcomes in many countries, particularly in least developed countries (LDCs). Development of the services sector is also needed to promote diversification, income generation, export creation and employment, as well as contributing to general economic and social development. This sector also shows relative crisis resilience in terms of output and trade.

26 (24). Rapid economic growth can make the adjustments associated with structural transformation easier to manage. However, an exclusive focus on growth is unlikely to realize inclusive outcomes. Minimizing *inequality*, including between men and women, and across national regions, can contribute to a smoother and more predictable development process. People also need appropriate levels of protection against shocks and crises that often accompany rapid growth and progression towards a more open and integrated

economy. The balance between growth, fairness and social protection can only be determined in light of local conditions and constraints.

27 (25). Given that development is first and foremost a national project, developing countries recognize that they have the primary responsibility to raise the living standards and to increase the security of all their peoples. However, in an increasingly interconnected world, those efforts can be impaired or augmented, depending on the strength and purpose of international support and cooperation. Striking the right balance between international obligations and commitments and the provision of adequate policy space to pursue those goals is an ongoing challenge in a globalizing world.

28 (26). Rebalancing the world economy and accelerating development for all will only be possible in a growing world economy. Cooperation among States is essential if existing global gaps and imbalances are to be addressed through expansionary and inclusive solutions. Stronger partnerships are also important for taking full advantage of the opportunities that present themselves in a globalizing world.

29 (27). Effective multilateral cooperation depends on the support of a range of international institutions that have evolved over the past six decades or more. However, looking forward and in light of ongoing changes in the global economy, ensuring those institutions are appropriately positioned to meet the challenges of the twenty-first century will require a much stronger voice for developing countries in matters of global governance.

B. The role of UNCTAD

30 (119). UNCTAD XIII reaffirms the organization's core mandate, as set out in 1964, 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. In order to ensure continuity in the work of UNCTAD, the Doha Consensus builds on the Accra Accord, and its role in guiding UNCTAD's work is reaffirmed. Recognizing that the world has changed in many ways since UNCTAD XII, this Conference provides updated guidance to the work of UNCTAD, through its three pillars, in order to enhance the development role and impact of the institution, including by incorporating lessons learned and addressing global realities as they have evolved since the previous Conference.

31 (112). The dynamic mix of new realities and the continuing importance of the United Nations underscores UNCTAD's importance as an institution that has long placed interdependence at the heart of its integrated approach to trade and development, and as a valuable forum for continuous and comprehensive dialogue between developed and developing countries. UNCTAD allows ideas to be considered and a consensus built around them, which in turn can contribute to deliberations in other relevant forums and institutions. This role as a place for frank and open discussion in a constructive manner should be encouraged and further developed, especially in view of the magnitude of the challenges facing the global community, and the opportunities for all countries to address persistent and emerging development concerns.

32 (113). In this regard, UNCTAD through its three pillars should continue to play its role in the evolution of a stronger global consensus on development, including through its contributions to the integrated follow-up and implementation of the various United Nations conferences and summits on development, and in paving the way towards 2015 and beyond. It is important to recognize, however, that no institution has a monopoly on the solutions designed to tackle global challenges and advance inclusive and sustainable development.

33 (114). Maximizing the contribution of UNCTAD's three pillars to the broader work of the United Nations on development assumes added significance at this historic juncture, when the need for greater democracy and good governance at all times has been emphasized, especially in the light of the global financial and economic crisis. In this connection, a key area that needs continued attention, including in the context of the various development-related processes in the United Nations system, is the vulnerability of many developing countries, in particular the LDCs, landlocked developing countries (LLDCs) and other structurally weak, vulnerable and small economies. Moreover, as the transition from centrally planned economies continues in many countries, their specific trade and development challenges also need to be addressed in the relevant parts of UNCTAD's work programme.

34 (117). The global effort to realize the objectives of sustainable development, including through the forthcoming Rio+20 United Nations Conference on Sustainable Development, will be a focus for the international community over the coming years. UNCTAD can contribute by addressing the trade and development implications of climate change and the emerging green economy, especially by supporting and enabling developing countries in their efforts to address the adverse economic impact of climate change in achieving their development goals.

35 (118). All of these processes converge on the broader need to ensure that the global economic system works for development. UNCTAD can contribute its expertise and ideas to the broader work of the United Nations in addressing the root causes of the global economic and financial crisis. This is particularly important given UNCTAD's capacity and mandate to generate ideas which can contribute to enhancing systemic coherence and can help to forge a new consensus on economic development beyond 2015.

I. Sub-theme 1 – Enhancing the enabling economic environment at all levels in support of inclusive and sustainable development

A. Policy analysis

36 (28). Most developing countries have, over the past three decades, increased their integration into the global economy. They have done so against a backdrop of erratic global growth, an increased incidence of economic crises, and widening income and wealth gaps within and across countries.

37. Those efforts have, in many cases, been accompanied by rising trade, investment and capital flows, though these flows have continued to be heavily concentrated in a select group of economies and regions. Moreover, the different components of globalization have evolved at an unequal pace; capital flows have played a particularly prominent role in shaping the contemporary globalizing process.

38 (29). Financial deregulation, particularly since the 1990s, has encouraged a sharp increase in private capital flows. These have allowed some developing countries to ease the savings, balance of payment and foreign exchanges constraints that have often held back growth prospects in these countries. However, these flows have often been strongly pro-cyclical, speculative in nature and linked to "innovative" financial products that are detached from productive activities in the real sector of the economy. The recent financial crisis has served as a reminder that effective regulation is necessary to ensure stable markets and for achieving the desired balance between financial markets and other parts of the economy.

39 (30). In the light of these developments, there is an urgent need for a substantive reform of the international financial and economic architecture to better enable it to prevent financial and economic malfunctions, effectively promote development, and serve the needs of member States, particularly of developing countries.

40 (31). This calls for greater cooperation and coherence between trade, monetary, financial, social and environmental institutions to promote an approach to development based on equity, social inclusion, human development and environmental sustainability.

41 (32). Strong and sustained economic growth requires a thriving private sector with a high propensity to reinvest its profits productively. Among other things, an enabling economic environment requires an efficient financial and economic policy framework, sound and transparent public sector finance and management, a fair and efficient taxation system, and a corporate environment that encourages productive entrepreneurship.

42 (33 & 34). The reform agenda in the wake of the global financial and economic crisis has advanced slowly and remains incomplete. The risk of new crises remains high, along with the threat of contagion across markets and countries. It remains imperative, therefore, for the international community to address the unfinished elements in the global reform agenda more vigorously than has been the case so far. In this regard, therefore, it is important to address the underlying systemic problems in the international economic system to make it work more effectively for development.

43 (35). Recent debates on the reform of the international monetary system have addressed mainly the symptoms rather than the core underlying systemic problems. In particular, the weaknesses of existing foreign exchange regimes reflect a high degree of disconnect between financial market behaviour and macroeconomic fundamentals. This is a source of unsustainable current-account imbalances, distortions in international factor movements and domestic financial instability. The resulting heightened uncertainty is damaging for the productive economy, including the international trading and production systems.

44 (36). A development-oriented trading system, in which trade serves as a real engine of inclusive growth, requires an open, non-discriminatory, equitable and rules-based multilateral system. However, the effective and equitable integration of developing countries, least developed countries and countries with economies in transition into the multilateral trading system is yet to be achieved. Moreover, in turbulent economic times, trade protectionism remains a risk, and an immediate challenge is therefore to achieve a strengthened and sustained inclusive and resilient multilateral trading system.

45 (37 & 38). There is an urgent need for greater coherence between the international trading and financial systems. In the current “system”, individual countries seek temporary and ad hoc solutions to avoid currency misalignment. These include unilateral intervention in the currency markets, the taxation of short-term inflows and prudential capital controls. However, a better design of the global monetary system should go beyond stopgap measures. Systematic measures, including measures to discourage short-term destabilizing capital flows, are needed to prevent speculative and herding behaviour from dominating currency movements and those of other macroeconomic variables.

46 (39). Commodity prices are again at the top of the development agenda. The boom between 2002 and 2008 was the most pronounced of the post-Second World War period, and appears to have been reversed only briefly following the recent global economic crisis. Since the summer of 2010, the prices of many commodities, including some agricultural products, have resumed their upward trend and some hit new peaks in mid-2011.

47 (40). The price boom has improved the situation of commodity-exporting countries and revived the potential role of commodity revenues in contributing to economic growth

and poverty reduction. However, some long-standing challenges remain, including the generation of surplus for sustained growth, diversification and poverty reduction.

48 (41). Since 2008, high and volatile food and energy prices have affected the livelihoods of hundreds of millions of poor citizens, especially in developing economies. A major factor in these price movements has been the growing participation of financial investors in commodity trading for purely financial motives – the “financialization of commodity trading” – and often subject to speculative calculations. This issue requires careful analysis, comprehensive and appropriate policies and urgent action.

49 (42). A key challenge for policymakers is to identify innovative and coherent policies at national, regional and international levels to reduce the volatility of commodity prices. Serious efforts are needed to enhance cooperation between producers and consumers, increase transparency, tighten regulation of financial market participants and give market overseers the instruments to contain the influence of excessive speculation on prices.

50 (43). Debt sustainability plays an important role in ensuring and fostering economic development. Prior to the onset of the global financial and economic crisis in September 2008, many developing countries had managed to sharply reduce their overall debt-to-gross domestic product (GDP) ratio and also make progress on restructuring their public debt by borrowing relatively more domestically, and where possible shifting to concessional borrowing.

51 (44). The global financial and economic crisis and the “Great Recession” have caused a significant deterioration in public sector accounts as private deleveraging has forced governments to step in to stabilize the financial system and bolster the real economy. In some developing countries, fiscal accounts were also strongly affected by commodity price volatility and higher interest rate spreads on public debt. The fiscal space in many developing countries is still heavily restricted and a number of African and least developed countries are still in debt distress.

52 (45). Further steps must be taken to mitigate and reduce the cost of financial and economic crises in developing countries. New approaches are needed to improve external debt management. Putting mechanisms in place to help prevent debt crisis and to better resolve them if they do occur should be a priority item on the international agenda.

53 (46). Principles of responsible sovereign lending and borrowing can play an important part in efforts to obviate the frequent and severe financial and economic crises, and promote financial stability and economic development. In tandem with ongoing efforts to enhance regulation and supervision of financial markets, these principles can lead to introducing norms and best practices for sovereign lending and borrowing. Orderly debt workout procedures – which should help countries facing difficulties in servicing their obligations and provide mechanisms to facilitate an equitable and prompt restructuring of debt when required – merit further attention as part of a strengthened multilateral debt architecture.

54 (47). Official development assistance (ODA) continues to provide an important source of assistance and financing for many developing countries, especially those with restricted access to financial markets. Budgetary constraints in the advanced economies should not be used to justify ODA reductions. Rolling back assistance and retreating from global solidarity when many developing countries are unlikely to meet the Millennium Development Goals (MDGs) by 2015 and remain vulnerable to large external shocks, are nearsighted policies. Donors should therefore continue to aim to increase ODA contributions to the 0.7 per cent of gross national income target, as reaffirmed at the Millennium Summit.

55 (48, 49 & 50). Reforms to the international economic architecture should complement and support domestic efforts to create employment, reduce poverty and achieve more inclusive outcomes. These efforts require enhancing domestic demand as an engine of growth. Boosting domestic demand and employment generation is more likely where productivity gains are distributed fairly between labour and capital. It is the experience and expectation of rising demand, rather than a reduction in unit labour costs, which drives investment in new or enhanced productive capacity. Such investment is a precondition, in many developing countries, for the absorption of surplus labour into new productive activities.

56 (52). A supportive policy framework requires effective labour market regulations and low real interest rates, thereby providing favourable financing conditions for investment in fixed capital. While high inflationary pressures need to be contained, monetary and fiscal policy must also consider wider macroeconomic concerns. In the midst of the recent financial and economic crisis, many governments have used countercyclical fiscal policy to stabilize aggregate demand and support employment. The principles underlying these policy decisions could serve as a basis for a revised approach to fiscal policy.

57 (51). In addition to policies covering wages and formal employment, measures are also needed to address the needs of informal workers, unemployed people and pensioners. Such measures have proven to be important tools for improving the livelihoods of marginalized or vulnerable social groups.

58 (53). Regional cooperation can support national development strategies, reduce external vulnerabilities and, in some cases, fill existing gaps in the global economic governance system. By deepening economic integration, a series of mutually beneficial ties can be built across economies at different levels of development within a geographic region.

59 (55). The past few years have seen an increased interest in financial and monetary cooperation among developing countries as one way to better manage private international capital flows, especially for coping with the risks from speculative short-term flows.

60 (56). In addition to providing an effective defence mechanism against shocks and contagion, regional monetary and financial cooperation can also promote and accelerate development. This can take various forms and employ different instruments, including the provision of long-term financing to participating countries through regional development banks and the creation of regional capital markets, as well as the use of domestic currencies and regional clearing mechanisms to facilitate intraregional trade payments and short-term financing for countries facing balance-of-payments problems. Moreover, regional arrangements for exchange-rate management among member countries can be an important element in the process of creating a common market.

61 (54). In addition to expanding intraregional and interregional trade and capital flows, developing countries should also investigate innovative areas of policymaking at the regional level that could support diversification of their economies. This could, for example, take the form of industrial projects and common undertakings in research and development, knowledge generation and information dissemination.

62 (57). The gravity of the current state of the global economy makes it essential that an intensified policy dialogue on pending reforms continues at all levels. Global realities can still provoke a retreat into protectionism and economic unilateralism. Consequently, responses going to the core of the issues and attempts to forge a new consensus putting development, convergence and stability as the overriding goals of cooperation are urgently needed. The task is to create an enabling environment that can sustain growth and development. Moreover, the reform of the global economic system should also provide the

policy space necessary for developing countries to pursue nationally owned and integrated development policies that will, in turn, lead to a more effective global partnership for development.

B. The role of UNCTAD

63 (120). In assisting countries to maximize their development potential, UNCTAD should provide policy ideas and options in order to contribute to accelerated growth and sustainable and inclusive development. In particular, UNCTAD should play a crucial role in analysing current global economic challenges and presenting solutions to address them. Its work programme should address the following:

(a) How international economic relations and domestic policies can enhance the enabling economic environment at all levels in support of inclusive and sustainable development and ensure that everyone, especially the poor and vulnerable, benefits from growth and economic development;

(b) The root causes and effects of the global financial and economic crisis and draw conclusions that help prevent their future recurrence. It should also continue its research and analysis of the international financial and monetary system and price volatility of commodities, and it should propose recommendations to address the problems in financial markets that result in macroeconomic instability, distortions of international trade and increased levels of poverty and inequality. UNCTAD should consider, within its areas of competence, the need to improve the coherence and governance of the international monetary, financial and trade systems, including more effective participation of developing countries;

(c) How issues of debt and finance can be addressed globally. In so doing, contribute to the multilateral process, including through research, especially in relation to sovereign debt restructuring, expansion of multilateral financial resources, and the elimination of policy conditionality in connection with adjustment and crisis lending. Maximum synergy should be sought among the three pillars.

64 (120). UNCTAD should in addition:

(a) Actively contribute to the follow-up mechanisms of the United Nations Conference on World Financial and Economic Crisis and its Impact on Development, and provide recommendations for the implementation of its outcome document. It should also offer expert advice rooted in the development dimension in follow-up to other major international development conferences;

(b) Enhance support to developing countries by monitoring international trade from a development perspective, and by addressing ways of more equitably integrating them into the global economy and the international trading system, given the need for a strong, predictable and equitable multilateral trading system;

(c) Assist countries to improve their statistical capacity and contribute to the global development policy debate by producing indicators that highlight the linkages between development and globalization. The lessons since Accra and the crisis include the need for accurate and timely economic data. In order to make its work more responsive, UNCTAD should intensify its interaction with academic and research institutions to better convey the results of its policy research to the academic community and to mobilize resources in member countries in support of its analytical work;

(d) Maintain course in supporting the Palestinian people along the lines of the Accra Accord, taking into consideration the new realities.

II. Sub-theme 2 – Strengthening all forms of cooperation and partnerships for trade and development, including North–South, South–South and triangular cooperation

A. Policy analysis

65 (95). Given the changes in the global landscape over the last two decades, as well as the specific challenges since the financial crisis, the international community must devise fresh forms of cooperation and renewed development partnerships that promote accelerated stable economic growth and greater openness, and the wider aims of inclusive and sustainable development. The new partnership will have to strengthen relationships between the private and public sectors and include different configurations of countries at varied levels of economic development.

66 (96). A cooperation agenda in support of structural transformation and inclusive development can, in particular, help focus the efforts of the international community on the challenges of building productive capacities, including with appropriately targeted resources and strategic policy advice.

67 (97). The pattern of international trade, to a large extent, depends on varying resource conditions and existing productive capacities across countries and underlying market pressures. But it can also contribute to fostering cooperation and building new partnerships by linking production processes across borders, spreading technology and ultimately contributing to shared economic growth. Still, international trade has not yet fully realized its development potential particularly in terms of supporting the MDGs, and especially in regard to reducing poverty and inequality.

68 (98). In recent years, cooperation programmes have focused increasingly on social outcomes, often at the expense of support for developing domestic resource mobilization and the creation of new productive capacities. This has often taken attention away from other aims of development cooperation, including assisting countries in moving to a position where they can mobilize their own resources for development and diversifying their economic structure. As such, the delivery of aid should be carefully and constructively reconnected to the ambitions and priorities of recipient States. This should help countries to increase their gains from closer participation in the trading system.

69 (99). There is a growing realization among all stakeholders that trade and aid should be seen as mutually supportive components of a wider cooperation agenda. In this context, the idea of “Aid for Trade” (AfT) has gained prominence since it was introduced. This initiative recognizes that developing countries, and especially LDCs, need targeted financial support to help them adjust to the stresses that accompany increased openness and to help build their productive capacities to ensure significant future gains from trade. These objectives would be more easily reached if AfT gains an appropriate scale, includes genuinely new funding in excess of current aid commitments, is accompanied by appropriate trade and industrial policies, and is managed within the United Nations system in order to better ensure that the gains from trade support inclusive development strategies.

70 (100 & 101). Harnessing closer trade links in support of virtuous growth and development circles has often occurred at the regional level. Regional integration, complemented by interregional cooperation, is gaining renewed support in other parts of the developing world. Initiatives include regional trade and investment arrangements in Africa and Latin America, and the creation of regional production networks across Asia, including some LDCs. The key challenge is how to ensure that regional trade agreements (RTAs) bolster productive integration and support economic diversification among countries at different levels of development, especially the LDCs and LLDCs.

71 (102 & 104). Beyond these regional arrangements, the emergence of new growth poles in the South can be leveraged in support of more widespread developmental gains through South–South integration and cooperation. Since the turn of the millennium, new institutional arrangements have emerged among developing countries to discuss mutual needs and challenges, and to extend cooperation. In contrast with traditional North–South cooperation, South–South initiatives involve countries with shared development challenges and suggest more equal relationships between participating countries.

72 (105). Trade and investment patterns have already shifted in this direction, leading to a renewed confidence in the economic possibilities of the emerging South. There is considerable scope for developing countries, particularly LDCs and low-income countries, to exploit their growth potential through the dynamism of South–South trade and investment. The success of the São Paulo Round of Global System of Trade Preferences (GSTP) negotiations constitutes a historical breakthrough in the South–South trade policy environment.

73 (103). The resilience to the crisis in parts of the developing world has added to that growing confidence and raises hopes of a prolonged period of narrowing global economic gaps. However, to date, this has been uneven, with large differences remaining between developing regions and among individual countries; many of the LDCs have seen the income gap between them and other countries widen further during the past two decades. Moreover, many developing countries continue to rely heavily on the advanced economies for markets and capital and remain vulnerable to changes in policy and economic conditions there.

74 (106). Interest in South–South cooperation goes well beyond the trade sphere. Successful developing countries have accumulated a wide range of policy and governance experiences from which other developing countries can learn. Capacity-building in support of developmental States should become an important component of South–South cooperation, as this is an area where it has distinct advantages over traditional forms of development cooperation. South–South cooperation can also contribute to increasing investment flows and technology transfer.

75 (107). Many of the new threats to inclusive growth and development can also be addressed through stronger South–South ties. They include food security, where scaling up of agricultural extension and support services, improving water management, and strengthening research and development, can benefit from sharing experiences among developing countries. Other areas where South–South cooperation opens up new possibilities include climate adaptation and improved response to natural disasters. In such cases, new partnerships, such as those involving triangular cooperation, can be used to support more effective action, as has already been the case in areas such as agricultural development and renewable energy. However, because these new challenges require large-scale investment and new technologies, South–South cooperation can only complement North–South cooperation and other, more traditional, forms of cooperation.

76 (108). New partnerships are also forming in the private sector. The competitive dynamics of global value chains have led to an increasing use of non-equity modes (NEMs) of operations by transnational corporations (TNCs) such as international outsourcing of production, the licensing of knowledge to host country companies, management contracts and franchising. Inasmuch as NEMs require the participation of domestic enterprises with significant productive capacity, they hold out the strategic opportunities successfully used by some developing countries in the past, as East Asia exemplifies, so as to make their relations with TNCs work for development.

77 (109). While developing-country partners within production networks seek to benefit from the higher productivity levels and greater technological know-how of foreign

affiliates, the desired spillovers are not automatic. This is especially so in the case of assembly-type activities, where the absorptive capacity of local companies is often insufficient. Failure to address such weaknesses has given rise to concerns of a “middle-income trap”, since several countries have moved into the labour-intensive slices of the global value chains but have found it difficult to further develop the technological infrastructure needed to support the growth of larger domestic firms which could sustain upgrading and productivity growth.

78 (110). In the area of investment, the system of international investment agreements (IIAs) has become increasingly large and complex. To make this system function in a way that is more efficient and conducive to strong sustained growth and development, there is a need for international sharing of experiences and best practices on key issues, with a view towards effectively harnessing the sustainable development potential of foreign direct investment (FDI).

B. The role of UNCTAD

79 (123). Placing the global economy on a stronger footing will require strengthening cooperation and partnership in support of more inclusive development. UNCTAD in this regard should:

(a) Conduct activities under its three pillars in support of new mechanisms and tools to enhance the level and pace of South–South, North–South and triangular cooperation. It should intensify work on how the dynamism of South–South trade and new trade flows can optimize development gains of developing countries, particularly LDCs and low-income countries. In particular, it should enhance support in servicing the GSTP and regional monetary arrangements;

(b) Take a proactive role in addressing issues pertaining to North–South cooperation in its broadest and most constructive sense, including anchoring North–South engagement on an equal footing in all areas of global economic policymaking. This should include the conduct of research and other activities to address issues of systemic participatory imbalance in global economic policymaking;

(c) Assess, on the basis of country case studies, the implications of trade liberalization on poverty reduction, income inequality and income growth in African countries, the LDCs, LLDCs and small island developing States;

(d) Assist the LDCs in assessing progress towards domestic resource mobilization in support of their national development strategies and in enhancing the development effectiveness of aid;

(e) Support the implementation of the Istanbul Programme of Action, which resulted from the Fourth United Nations Conference on the Least Developed Countries (LDC–IV). That landmark event underscored the importance of building productive capacities, upgrading technological capability of LDCs and assisting the graduation of these countries;

(f) Examine the challenges facing countries once they graduate from the category of LDCs to better focus continuing efforts to promote their development. This could include developing better measures of productive capacity–building and development, a better understanding of the realities facing middle-income developing countries, with a view to addressing their concerns and the need to provide graduating LDCs a clear and attractive post-graduation environment. UNCTAD should consider these important questions in light of ongoing discussions of the post–2015 development challenge;

(g) Explore new and innovative ways to maximize the development impact of aid, especially at a time of dwindling resources. UNCTAD should consider assessing progress towards nationally-owned development strategies and the role of recipient-led aid management. In this regard, UNCTAD should work on progress towards aid effectiveness which is measured in terms of its development impact from the perspective of recipient countries, consistent with member States' wishes to promote strong involvement and ownership of recipient countries in the distribution and management of aid;

(h) Undertake an independent assessment of public-private partnerships in the development context, with the aim of mapping out what has and has not worked so far and what might work better in the future and under what conditions;

(i) Play an active role in shaping the policies relating to the delivery of North-South aid in order to ensure that such delivery further responds to, supports and reflects the needs and interests of recipient developing countries.

III. Sub-theme 3 – Addressing persistent and emerging development challenges as related to their implications for trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development

A. Policy analysis

80 (70). The world economy faces a series of persistent and emerging challenges to stable, inclusive and sustained economic growth. The current economic situation calls for the implementation of policies and actions that address these challenges so that we can move towards development-centred globalization.

81 (71). There is, however, no universal blueprint for achieving inclusive and sustainable development goals. The institutions and policies required have to be tailored to local capabilities, conditions and needs. As such, development is a challenging process of self-discovery, innovation and adaptation for each nation. An integrated approach to development policy in an interdependent and open world economy is required to assist policymakers, at the national, regional and international levels, and especially in the least developed and most vulnerable countries, to identify appropriate responses to these challenges in the areas of trade, finance, technology, investment and strong, inclusive and sustainable development.

82 (72). In order to maximize the potential gains from trade and direct them towards inclusive development, developing countries require not just the kind of rules-based international trading system, promoted under the World Trade Organization (WTO) and through regional/bilateral preferential trade agreements, but also the support and the space to use policy instruments to promote capital formation, technological upgrading and economic diversification, and to manage the adjustments that these imply. In order to make the multilateral trading system truly universal, assistance in the process of accession is important. The elimination of selective non-economic impediments is important to fully harness trade as an engine of development.

83 (73). There has been an important shift in the trade agenda since the conclusion of the Uruguay Round, away from a focus on tariffs to non-tariff measures, especially involving such technically complex areas as technical barriers to trade, sanitary/phytosanitary regulations and conflicting Rules of Origin. These – together with emerging trade issues – are beginning to define a new international trade agenda which, for

the moment, is mostly concentrated in the negotiations of a new generation of regional/bilateral preferential trade agreements.

84 (74). Regulatory issues have become prominent in trade in services. Recent regulatory failures, including those in financial markets, highlight the importance of adequate regulatory and institutional frameworks in services, and the potentially high economic and social costs of their absence. Furthermore, although in recent years the private sector has emerged as an important provider of infrastructure and other public services, governments continue to play an essential role as both providers and regulators of these services.

85 (85). Infrastructure services, in particular, have a strong impact on production, trade and economic competitiveness, and are often an important factor in attracting FDI. However, for such services to contribute successfully to the economic and social development of a country, the legal and regulatory environment must be strong and supportive. High transport and commercial transaction costs, inadequate trade facilitation, inefficient transport services and low connectivity can act as barriers to trade and remain among the persistent challenges facing many developing countries, especially LLDCs; and these are compounded by other factors, including high energy prices. Many of these challenges are shared by some economies in transition.

86 (87). LLDCs usually pay the highest transport and transit costs, as recognized in the Almaty Programme of Action. The lack of access to the sea and remoteness from major markets, inadequate transit facilities, cumbersome customs and border crossing procedures, regulatory constraints, as well as weak legal and institutional arrangements, undermine the efforts of LLDCs to build their productive capacities and to be competitive in world markets.

87 (76). The proliferation of RTAs has complicated the rules of the global trading system. Preference margins have been eroded over time, particularly where countries enter RTAs to avoid negative discrimination rather than to secure preferential market access. Moreover, there are an increasing number of agreements that include deeper provisions on non-tariff measures, as well as WTO-plus and WTO-extra openings in services trade, government procurement rules, competition policy regulations, environmental and labour standards, and more restrictive disciplines on trade-related investment performance measures. In order to preserve and strengthen coherence between the multilateral trading system and the RTAs, systemic coherence among all countries going beyond trade liberalization should be promoted.

88 (77). In recent years, RTAs have often been linked to the spread of global supply chains (GSCs). These have created new trading opportunities for many developing countries, including in dynamic products, but they also come with potential costs linked to the dominant position within these chains of large and powerful TNCs.

89 (75). An important objective of competition policy is to create and maintain a competitive environment, both internally by eliminating anti-competitive practices and externally through a level playing field for new entrants. Competition can extend choices and make products more affordable to all firms and households, particularly the poor sections of the population. Therefore, trade and competition policies should be coherent in order to achieve inclusive economic and social development goals.

90 (78). International trade offers opportunities for women's empowerment through employment in export sectors, the production of cash crops and the creation of new businesses by women entrepreneurs. However, trade can also have a negative impact on women if it disrupts economic sectors and markets where they were active, or if it creates mainly temporary or seasonal low-paid jobs with few opportunities for training and promotion, and limited or no social security provisions. The opening to international

markets requires adaptation at several levels. The challenges include (a) gender biases in education and training; and (b) gender inequalities in the distribution of income and command over resources and entrenched inequalities in the distribution of household tasks, which translate into gender differences in occupational distribution and earning potential. Tackling these biases is key to accelerated inclusive growth rates and development in all countries.

91 (79). Many of the persistent and emerging challenges facing the international community cannot be addressed in a sustained and sustainable manner without building a strong science, technology and innovation (STI) capacity. STI capacity-building involves building the technical, vocational, engineering, entrepreneurial, managerial and scientific capacity to address each country's pressing social and economic problems, transform their societies, and have a positive impact on the standards of living and quality of life of ordinary people. It should therefore be an essential element of every country's strategy for reducing poverty. As a central feature of their development strategies, governments in developing countries should consider formulating and implementing STI policies aimed at encouraging the generation, diffusion and application of science and technology.

92 (80). At the same time, firms in developing countries, in particular in the least developed countries, cannot succeed in technological upgrading without access to the full range of available technologies and the learning opportunities that these bring. Technology can be transferred through a variety of channels – including but not limited to market channels such as trade, licensing and FDI – and these have played an important role in the upgrading of the technological base of some developing countries. For many other countries, however, market-driven technology transfer has not taken place at the desired pace.

93 (81). For countries to benefit from technology transfer, domestic absorptive capacity is needed. Efforts to enhance such capacity should address capabilities of all relevant stakeholders and sectors. Financial support and other incentives are often necessary for enterprises to undertake risky, costly activities such as the search, acquisition, adaptation and implementation of new technologies. Absorptive capacity also requires strong links between local firms, research and education institutions, foreign affiliates and other relevant actors. Universities and research institutions should be enabled to transfer knowledge to enterprises, and be given incentives to establish strong collaboration with the private sector to address technological problems of relevance to them.

94 (83). Ways to facilitate access at low or no cost to the results of scientific research, particularly publicly-funded research, should be considered. International coordination, collaboration and partnerships, including between the private and public sector, in science and technology should be further developed.

95 (82). It is also important to explore new approaches to facilitate greater transfers of technology to developing countries. This could involve both active encouragement by developed countries as well as the elimination of measures that may act as barriers to such transfers. International trade and investment policy frameworks should be supportive of national technological development in developing countries.

96 (84). Information and communication technologies (ICTs) have become an important feature of the increasingly globalized and knowledge-based economy. The ability to use such technologies is essential to improving productivity and the functioning of agricultural markets and for small and large enterprises to connect with global value chains. Their wider diffusion is essential to bridging the digital divide. To this end, developing countries are encouraged to formulate and implement national ICT policies.

97 (89). Scientific evidence leaves little doubt that a changing climate will pose some of the biggest development policy challenges, at the national, regional and international

levels, over the coming years. Recent estimates suggest that hundreds of thousands of people are already losing their lives each year as a result of global warming and the livelihoods of hundreds of millions more are seriously threatened. Such participation should be consistent with their meeting long-standing development goals of reducing poverty, attaining inclusive development and closing the economic and social gaps with the advanced countries.

98 (90). The United Nations is the right forum to address issues arising from the multi-faceted economic and development implications of changing environmental conditions, including the climate. Of special significance for developing countries are the economic aspects, and costs, of mitigation and adaptation. Putting in place effective and operational arrangements for long-term international cooperation under existing multilateral instruments to support developing countries, and particularly the most vulnerable countries, in addressing the adverse impact of climate change and achieving their development goals, is an urgent priority for the international community.

99 (91). Ongoing discussions regarding the “green economy” have raised concerns about new forms of “green” protectionism. Bearing in mind the fact that there is still no agreed definition of the concept of green economy, potential impacts of greening trade on development is in need of further careful research and policy analysis.

100 (92). The climate challenge will be very difficult to solve independently of that of meeting the growing demand for energy by developing countries. Energy insecurity is a persistent development challenge. This must, however, be addressed sustainably, taking into account scientific and technological progress to date and respecting the environment. This is where green – including renewable – energy plays an important role. But there are still many developing countries that cannot afford alternative energy technology, and for them the transfer of renewable energy technologies between developed and developing countries is of vital importance, as it contributes to the welfare of all while protecting the environment. Supportive financial and technology transfer mechanisms are needed in order to offer tangible opportunities, especially for the low-income countries.

B. The role of UNCTAD

101 (122). A key outcome of the Accra Accord, which is here reaffirmed, was the strengthening of UNCTAD’s ability to provide advice and assistance to countries in light of new challenges and the increasing pace and influence of global events. In light of subsequent events and in order to further strengthen UNCTAD’s capacity to address persistent and emerging development challenges, UNCTAD should:

- (a) Conduct economic and trade analysis and foster international dialogue, consensus-building and cooperation on sustainable development, including the transition to the green economy and climate change;
- (b) Examine opportunities to expand capacity, access and diversification of trade in biofuels and other energy sources, and explore efficient and sustainable ways of producing and consuming energy;
- (c) Support increasing agricultural production capacity as a priority where, among other schemes, public-private partnerships can facilitate the transfer of appropriate technologies to developing countries to ensure adequate and sustainable food supply;
- (d) Address the unique challenges facing landlocked and transit countries and assist these countries in the design and operation of resilient and sustainable transit infrastructure and services;

- (e) Sharpen its focus on building services supply capacity through comprehensive national strategies and policy reviews;
- (f) Promote regional cooperation in formulating trade policy frameworks and competition and consumer policies, taking into consideration national developmental aspirations and domestic imperatives;
- (g) Carry out work focusing on market access, regulatory issues and institutional frameworks to facilitate the temporary movement of natural persons amongst countries – particularly to provide services, including through negotiated trade commitments at bilateral, regional and international levels;
- (h) Assess and make recommendations on how migration can support development, and the achievement of internationally-agreed development goals, including the MDGs, including through the impact of remittances;
- (i) Monitor and analyse the contribution of trade liberalization on job creation and inclusive development, and how trade and the international trading system can contribute to create productive employment, including for the poor;
- (j) Consolidate its work on databases on non-tariff measures and its analysis of the consequences of non-tariff measures for development.

IV. Sub-theme 4 – Promoting investment, trade, entrepreneurship and related development policies to foster sustained economic growth for sustainable and inclusive development

A. Policy analysis

102 (58). At the national level, strategies in support of development-centred globalization will require that deeper internal integration – through strong linkages across domestic markets, firms and sectors – is complemented and supported by external integration, through increased trade, FDI, capital flows and technology transfer. A successful balance between internal and external integration can be judged in terms of the contribution made toward mobilizing resources for building productive capacities, the opportunities for productive entrepreneurship, job creation and technological upgrading, and the resilience of the economy to unforeseen shocks.

103 (59). The effective mobilization of resources – domestic and international – is a *sine qua non* for sustainable development. Private investment and entrepreneurship, with the support of local financial institutions, is the driving force behind sustainable national development and structural transformation in most countries. However, for many developing countries, public investment plays a critical role, particularly in creating jobs and providing infrastructure for transport, telecommunications and utilities, and can also act to stimulate private investment. FDI can also play a key role in promoting economic growth and development, including through raising productivity, the transfer of technology, skills and managerial know-how, improved access to markets, as well as developing infrastructure.

104 (60). Building productive capacity is key to fostering sustained accelerated growth rates and inclusive development. Productive capacity can be expanded through a balanced policy approach, which mixes incentives and policies to encourage investments, by the private and public sectors in wealth-creating activities, as well as in the provision of education, rising levels of health and nutrition, and increased research and development capacity that helps to build the stock of knowledge. Appropriate measures are also required

to ensure sustainable development by steering investment towards the conservation and preservation of the natural environment.

105 (61). Structural transformation is a key element in promoting economic diversification, improving international competitiveness and realizing more sustainable and inclusive outcomes. Most successful countries have diversified their economies as they move up the income ladder, both by shifting resources from low to high productive sectors and by increasing specialization within sectors. Such diversification has been closely linked to improving employment conditions and bolstering economic resilience to external shocks. The development policy challenges increase considerably as the production process becomes more scale- and knowledge-intensive, since the technological and organizational capabilities required to compete internationally become more costly to acquire and more difficult to master.

106 (62). In recent years, several developing economies have undergone a significant structural transformation, moving away from primary commodities to producing more skill- and technology-intensive manufactures and services. This form of diversification has in a number of cases been supported by a gradual integration of developing economies, particularly in Asia, into GSCs. Many commodity-dependent economies, particularly those in Africa, have been unable to build a more diversified economy. But also some middle-income economies have found it difficult to diversify away from low value added manufacturing activities. Structural transformation of these economies is essential for their economic sustainability and for reducing their vulnerability to external demand or price shocks.

107 (63). Developing countries need to promote policies that support the competitiveness of their enterprises in order to allow them to achieve economies of scale and take advantage of international market opportunities, including the ability to compete at national, regional and international levels. Supporting enterprise competitiveness requires market-enhancing reforms as well as regulatory frameworks to monitor the operations of the market, including through the design and enforcement of competition and consumer policies and laws, enterprise development and business linkages programmes, and related agencies that can promote the needs of business in particular sectors.

108 (63). Developing countries need competitive firms that are able to take advantage of export opportunities and national policies that can, in particular, improve access to finance and other resources, for small and medium enterprises.

109 (64). Industrial policies – including promoting the expansion of those firms, sectors and activities with the greatest potential for generating economies of scale, upgrading skills and raising productivity – have an important role to play in establishing dynamic and sustainable development paths. The challenge of industrial policy is likely to take on even more importance as efforts step up to create a low-carbon future for which policies focused on specific sectors – particularly energy, transport and extractive industries – will be critical.

110 (65). However, unless industrial policies are complemented with other policies, including supportive macroeconomic, investment, enterprise development and competition policies, they might not produce the desired outcomes or they might even introduce further distortions. Macroeconomic policies, including exchange rate and interest rate policies, will also have a strong bearing on the pace and direction of structural changes in many developing countries. Moreover, if markets are too small or competition in input markets is distorted, this will lead to an increase in production costs, thereby decreasing the competitiveness of domestic producers. Therefore, coherence among industrial, investment, enterprise development, competition and other policies is crucial.

111 (66). Building productive capacities in support of strong, sustainable and inclusive development will, in most developing countries, require close and mutually supportive links with the international economy through increased international trade, with a range of potential benefits in terms of efficiency gains, falling input costs and rising productivity. These links tend to evolve with the growing sophistication and size of domestic firms. In many countries, these benefits depend on competitive dynamics within GSCs. As a result, to achieve greater participation in international trade, developing countries need to make greater use of FDI that is in line with their own development objectives and strategies, and contributes to job creation, technology transfer and the training of a skilled workforce.

112 (67). FDI requires a stable and predictable investment climate. Among the requisite components are (a) strong legal and regulatory frameworks; (b) consistent enforcement of contracts and effective dispute mechanisms; (c) fair and equitable treatment; (d) robust intellectual property protections; (e) efficient means of establishing, operating and disposing of enterprises; and (f) effective recourse for investors.

113 (68). Among these, intellectual property rights raise some of the most challenging concerns for policymakers in developing countries. Intellectual property rights are a source of rents, which are justifiable to the extent that the benefits, in terms of encouraging real innovation, outweigh the costs, in terms of higher prices and restricted access, and there are clear limits to the time they are in place. There have been ongoing efforts to strengthen the safeguards and flexibilities contained in the global intellectual property regime, notably through parallel import arrangements and compulsory licensing. However, the current global framework has tended to skew research and development towards technologies offering high market returns, particularly in the advanced countries, instead of those offering the greatest social benefits or addressing the needs of developing countries.

114 (69). There is a general recognition that economic growth is not sufficient to ensure inclusive and sustainable development outcomes. The key to inclusive development lies in the institutional and policy links which ensure that growth promotes social development, while social development supports economic growth. The MDGs have added poverty, employment and social objectives to the international policy agenda, and have indicated the need for a significant scaling-up of resources to finance new investments in social infrastructure and safety nets, along with the formation of new partnerships to accelerate progress on human development. Moving the development agenda beyond the 2015 target will require an evolution in the development goals to address economic fundamentals and realities.

B. The role of UNCTAD

115 (121). The mobilization of all resources, along with their productive use, is a crucial element in enabling the private sector to help build greater prosperity and well-being. The three pillars of UNCTAD should work to contribute to this end, including through:

(a) The delivery of policy-oriented research, policy dialogue and technical assistance aimed at helping developing countries in the design of their strategies and policies for attracting and benefiting from foreign investment for sustainable development, including through the development of appropriate investment regulatory regimes that are consistent with their national development objectives. This must include addressing key and emerging issues in the area of investment;

(b) Help to further strengthen private sector development, including by providing policy guidelines on how to mainstream productive capacity-building in national development policies and strategies, and developing indicators of productive capacity-building. Particular attention in this regard should be given to LDCs, LLDCs and other

vulnerable developing countries, and the elaboration of strategies and policies for their effective participation in global supply chains;

(c) Exploring new ideas and policies to promote export diversification as a means to enhance inclusive growth and development, including diversifying into sectors related to creative economy and more value addition. UNCTAD should also and examine different strategic options for export diversification for developing countries at various stages of structural transformation;

(d) Continuing to assist developing countries, in particular the LDCs, to promote local entrepreneurship, integrate small and medium-sized enterprises (SMEs), micro-enterprises and individuals in the formal financial sector, strengthen SMEs' productive capacities and market access, and train entrepreneurs;

(e) Researching governance, in all its dimensions, with a view to helping partner countries to strengthen their institutional capacity in the fields of trade, technology and investment, and to build on the relevant transparency initiatives in these areas;

(f) Strengthening its research and policy analysis in the STI area, with a view to making science, technology and innovation capacity an instrument for supporting the national development agenda, helping local industry become more competitive, generating employment opportunities, reducing poverty and promoting the country's export diversification efforts;

(g) Promoting a more balanced set of arrangements to ensure that access to technology becomes part of a more inclusive development-centred globalization, including through international measures in support of technological development in developing countries.

116 (121). UNCTAD should also:

(a) Play a key role in the research, analysis and policy discourse, with a view to promoting the development and application of green technology, as well as the building of related local capacity;

(b) Conduct research and analysis and technical cooperation work with regard to the identification and dissemination of international best policy practice in the promotion of transfer of technology and other trade-, investment- and development-related aspects of intellectual property, in line with the World Intellectual Property Organization's Development Agenda. As agreed in the Istanbul Programme of Action, particular attention should be given to the technology needs of LDCs, including by supporting them in undertaking a gap and capacity analysis to benefit from the proposed International Science, Technology and Innovation Centre;

(c) As part of its work in the field of transport and trade logistics, strengthen its research and policy analysis and technical cooperation in order to help developing countries address challenges faced in improving transport systems and connections, the use of information communications technology in logistics and supply chain security, and design policies supporting environmentally sustainable transport systems.