

[6 September 1994]

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Part One: Report of the Trade and Development Board
on the second part of its fortieth session

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Part One

REPORT OF THE TRADE AND DEVELOPMENT BOARD ON THE SECOND PART OF ITS FORTIETH SESSION

I. INTRODUCTION

1. The second part of the fortieth session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 18 to 29 April 1994. In the course of the session, the Board held eight plenary meetings - the 834th to 841st meetings.

2. This report to the United Nations General Assembly has been prepared by the Rapporteur under the authority of the President of the Board, in accordance with the guidelines adopted by the Board in the annex to its decision 302 (XXIX) of 21 September 1984. 1/ The report records, as appropriate, the action by the Board on the substantive items of its agenda (section II) and the procedural, institutional, organizational and administrative matters (section III).

3. In connection with the action reported in section II, attention is drawn to paragraph 56 of the Cartagena Commitment, which reads as follows:

"The outcome of deliberative processes in the Trade and Development Board and its subsidiary bodies need not take the form of resolutions. Greater use should be made of agreed conclusions, assessments or summings-up by presiding officers, particularly when the issues are new or difficult ones, requiring further exploration and the building of common perceptions." 2/

4. Volume II of the report of the Board on the second part of its fortieth session (TD/B/40(2)/24 (Vol. II) reflects all the statements made in the course of the session on the various items of the agenda.

II. ACTION BY THE TRADE AND DEVELOPMENT BOARD ON
SUBSTANTIVE ITEMS OF ITS AGENDA*

A. Agreed conclusions and decision adopted by the Board

Item 2. Trade policies, structural adjustment and economic reform: increased participation in international goods and services by developing countries and economies in transition: some problems and opportunities

Agreed conclusions 409 (XL): Trade policies, structural adjustment and economic reform 3/

In accordance with the provisions of paragraphs 63 (1) and 129 of the Cartagena Commitment, the Trade and Development Board discussed the issues and problems involved in increased participation of developing countries and of economies in transition in international trade in goods and services.

After discussion, the Board agreed on the following elements:

1. Increased participation in the world economy by developing countries and economies in transition was of great importance. It involved both challenges and opportunities. Such participation would advance in parallel with growing globalization of activities of economic operators. It would be supported by liberalization of international trade on a broad basis as well as by a wider geographical distribution and intensification of foreign direct investment.
2. Integration into the world economy and the international trading system of developing countries and economies in transition will benefit all countries. Such integration will also enhance trade and investment activities between developing countries and economies in transition.
3. The important structural adjustment measures and economic reforms that had been undertaken by developing countries and economies in transition were welcomed. For national policies, the importance of various factors was underlined such as: efficient macroeconomic management, liberalization of the foreign-trade sector consistent with national trade, financial and development needs; the promotion of domestic and foreign direct investment involving technology transfer and export market development; and an efficient financial sector. The significant differences between individual countries in undertaking economic reforms as well as integrating into the international trading system were recognized.
4. In order to improve market access and promote investment and technology flows, including non-debt-creating investment, to developing countries and economies in transition, national economic reforms need to be complemented by international measures, such as:
 - (a) Full implementation of the Uruguay Round agreements and commitments;
 - (b) Making international institutions, such as the World Trade Organization (WTO), more globally representative in membership;

* For the Board's action on organizational and institutional matters, see section III below.

(c) Improvement of the schemes of the generalized system of preferences (GSP) to progress effectively with the implementation of the Cartagena Commitment, in particular, paragraphs 134 to 140 thereof;

(d) Enhancement of outward-oriented policies by integration groupings and their member States, supportive of the multilateral trading system and taking into account their effects on third countries, especially for weaker trading partners, in particular developing countries;

(e) International cooperation for trade facilitation and enhanced trade efficiency, including the dissemination of information and strengthened business-to-business links.

5. The international community should continue to support economic reforms through financial and technical assistance to overcome supply-side constraints and social implications of structural reforms as well as to strengthen the capacity for policy formulation, institution-building and human-resource development. Furthermore, General Assembly resolutions 46/202 of 20 December 1991 and 47/187 of 22 December 1992 were recalled with regard to the assurances given by the developed countries and multilateral financial institutions that the resources allocated to the economies in transition would not reduce or divert official development assistance from developing countries. Least developed countries required special consideration and support by the international community.

6. The value of on-going activities by the United Nations Conference on Trade and Development (UNCTAD) was recognized and it was considered that UNCTAD should continue to play an important role in facilitating the processes of countries' integration into the world economy by providing a forum for intergovernmental consultations, preparing timely analyses and identifying new opportunities for trade, investment and technological cooperation, *inter alia*, between developing countries and economies in transition. Technical assistance activities in such areas as international negotiations, implementation of the Uruguay Round agreements, regional integration, and specific projects of cooperation between developing countries and economies in transition should be continued and intensified, upon request. Such activities should take account of UNCTAD's resource availability, in particular of extra-budgetary resources, and priorities as outlined in the Cartagena Commitment. The United Nations Development Programme, other international financial institutions and developed countries should consider their possibilities to provide support to such projects.

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Item 3. Developments and issues in the Uruguay Round of particular concern to developing countries

Agreed conclusions 410 (XL): Uruguay Round 2/

1. The Trade and Development Board resumed its discussion on developments in the Uruguay Round, recognizing that UNCTAD had an important role to play in the analysis and assessment of the outcome of the Round. This discussion was supported and enriched by the documentation prepared by the UNCTAD secretariat as well as by an informal presentation by Mr. J. Seade, Deputy Director-General of General Agreement on Tariffs and Trade (GATT).

2. It was understood that, in accordance with paragraph 144 of the Cartagena Commitment and in view of the fact that the Uruguay Round was successfully concluded at the Marrakesh Ministerial Meeting of the Trade Negotiations Committee on 15 April 1994, the Board will, at the first part of its forty-first session, analyse and assess the outcome of the Uruguay Round, in particular in areas of concern to developing countries and economies in transition concerned, and its impact on the international trading system and problems of implementation.

3. As a result of a comprehensive debate, in which 25 delegations and one non-governmental organization took part, the Board agreed that the successful conclusion of the Uruguay Round and the signing of the Final Act at Marrakesh was a milestone in the evolution of international economic relations and represented a victory for a rule-based multilateral trading system. The Uruguay Round agreements had a substantial potential for contributing, through the creation of new trading opportunities for all countries, to the world economic growth, and would serve to boost investment, job creation and further economic reforms, particularly in developing countries and economies in transition. This potential was, in particular, manifested in a substantial trade liberalization, strengthening of multilateral rules and disciplines to ensure more stability and predictability in trade relations, establishing rules and disciplines in new areas and founding the new institutional framework in the form of WTO with an integrated dispute settlement mechanism which should avoid unilateral actions against international trade rules.

4. The Board emphasized that the full and speedy implementation of the Round's results, including the early establishment of WTO, should be considered as the most urgent priority in order to realize such potential. However, it was for countries and their business communities to make the best use of the new trading opportunities that the Uruguay Round agreements would bring.

5. It was also agreed that the Round was not a zero-sum game and was capable of assisting developing countries in achieving their objectives of economic growth and development, provided that disadvantaged developing countries were supported by the international community and were offered additional possibilities to offset negative situations as was agreed in the Final Act signed at Marrakesh. In the final run, only practical experience of the implementation of agreements, including the efficiency of a new dispute settlement system to defend the interests of the weaker trading partners, could demonstrate a genuine impact of the Round's results on the international trading system and the trading opportunities of developing countries.

6. It was generally recognized that the developing countries had made a major contribution to the success of the Uruguay Round, particularly by accepting challenges and burdens of trade liberalization reforms and committing themselves to increased multilateral obligations in the post-Uruguay Round period. There were different opinions on the benefits which would accrue to developing countries from the Uruguay Round agreements. Many developing countries expected to enjoy new benefits following market access liberalization, both in goods and services, and particularly in the areas of textiles and agriculture. However, special concerns were raised regarding possible negative effects on the least developed countries, particularly those in Africa, and net food-importing developing countries, as well as on potential erosion of the GSP and other preferential schemes as a result of agreed tariff reductions. Some views were expressed that the Uruguay Round agreements should be implemented in a manner that favoured developing countries and that food aid and/or credits on

concessional terms should be provided to them together with adjustments in the GSP schemes in order to accommodate their interests.

7. Another concern was associated with the new challenges facing developing countries, particularly the least developed countries, as a result of the Uruguay Round, with respect to their institutional capacities, human resource development and information management in order to pursue effectively their interests in the post-Uruguay Round trading system. The Board agreed that developing countries, and especially the least developed among them, may need substantially expanded technical assistance to be able to identify and utilize sustained benefits deriving from the Uruguay Round agreements.

8. The Board took note of a list of new issues, as contained in the concluding remarks of the Chairman of the Trade Negotiations Committee at Ministerial Level at Marrakesh on 15 April 1994. Views of various delegations on some of these issues were also noted.

9. The Board recalled UNCTAD's mandate and important role in the international trading system, noting its relevance as an institution that provided a forum for policy analysis; intergovernmental deliberation, consensus building and negotiation; monitoring, implementation and follow-up; and technical cooperation that took into account the special interests of developing countries on trade and development.

10. It was also recognized that there should be a constructive and effective cooperation between UNCTAD and the WTO based on the complementary functions of the two organizations. Arrangements between UNCTAD and ITC on the provision of technical assistance to developing countries in the area of trade should be strengthened.

11. The Board agreed that UNCTAD should:

(a) As a matter of priority, conduct, at the first part of the forty-first session of the Trade and Development Board, an in-depth analysis and assessment of the outcome of the Uruguay Round, in particular in areas of concern to developing countries and economies in transition concerned, and its impact on the international trading system and problems of implementation;

(b) Organize regional seminars or workshops on the outcome and implementation of the Uruguay Round. Appropriate resources should be allocated for this purpose in order that the secretariat could conduct such seminars or workshops;

(c) Follow developments in the international trading system and identify new trading opportunities arising from the implementation of the Uruguay Round agreements in order to provide information and technical support with a view to facilitating the integration of developing countries and economies in transition concerned into the system, to assist these countries to take full advantage of new trading opportunities and enable them, when appropriate, to make use of the clauses which provide differential and more favourable treatment in accordance with the Final Act signed at Marrakesh;

(d) Prepare policy analysis and provide a forum for intergovernmental deliberation and global consensus-building on the new and emerging issues of the international trade agenda, such as trade and environment and competition policy, thus contributing to a better understanding of such issues, including their development implications for developing countries;

(e) Refocus and intensify, where necessary, its technical assistance in the light of the Uruguay Round agreements aiming to increase the capacities of developing countries, especially the least developed among them, as well as to the economies in transition concerned, for their effective participation in the international trading system, and to ensure an efficient cooperation with relevant international organizations, in particular with the WTO and ITC.

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Item 4: Sustainable development: the effect of internalization of external costs on sustainable development

Agreed conclusions 411 (XL): Sustainable development 5/

In accordance with conclusion 407 (XL) adopted at the first part of the fortieth session of the Trade and Development Board, the Board held an exchange of views on the effect of the internalization of external costs on sustainable development. Its discussion was aided and enriched by the excellent documentation prepared by the UNCTAD secretariat and the contributions of a panel of experts drawn from several regions.

The Board agreed that:

1. The internalization of external environmental costs is of general importance in the follow-up to United Nations Conference on Environment and Development (UNCED), particularly in the light of the Rio Principles, 6/ especially Principle 16. Internalization will be an important instrument for achieving sustainable development. Internalization will also relate to the further evolution of multilateral discussions on trade and environment, in UNCTAD, WTO and elsewhere.
2. Internalization requires a careful balancing of equity and efficiency and, within the former, of intra- and inter-generational considerations of a domestic and international nature. It is a means towards the ultimate goal of the efficient avoidance of environmental costs, not a goal in itself.
3. Internalization may be accomplished in three basic ways, all of which may be used in combination. The regulatory approach has the advantage of ensuring compliance to strict quantity-related standards, but only if there is adequate enforcement. Market-based economic instruments are often the most cost-efficient and create a continuing incentive to reduce external environmental costs. Such instruments, however, make the true costs of environmental protection highly visible and require the existence of markets and administrative structures which may not be adequately developed in some countries. A third approach consists of undertaking public education and information programmes to alter the public's perception of environmental costs.
4. Success in achieving internalization within a given country is likely to be improved if attention is paid to the following elements, inter alia, of a potential policy mix:

(a) Attenuation or elimination of policies that distort resource allocation, in particular, environmentally unsound subsidies. Agricultural subsidies are of importance in this context, particularly those which have a trade effect;

(b) Correction of fundamental incentive failures, such as insecure or absent property rights, or unpriced resources;

(c) Gradual introduction of other internalization policies of a regulatory or economic nature. These could include product or emission charges, other economic instruments for internalization and the reinforcement of institutional capacity in the environmental area;

(d) Environmental impact assessment in public decision-making, in particular concerning public projects.

5. Sound macroeconomic policies, a strong fiscal system, the development of human resources in environmental management and administrative efficiency are essential for successful internalization.

6. In addition to measures at the national level, an efficient system of positive incentives at the international level would help to induce cooperative environmental protection with special attention directed towards developing countries, in line with Principle 7 of the Rio Declaration.

7. Trade has an essential role to play as a vehicle for internalization. The successful implementation of the results of the Uruguay Round, particularly in the areas of market access and subsidies, could contribute towards making internalization easier to accomplish. However, the contribution of trade liberalization to sustainable development will be achieved only when the liberalization is accompanied by government policies to ensure the adjustment of economic incentives to environmental objectives. The introduction of certain market-based instruments may also help to spur internalization, but care needs to be taken in designing and implementing them to avoid undue adverse effects on the exports of developing countries. Moreover, policies to internalize external environmental costs may affect competitiveness.

8. Commodity pricing issues and the coordination of internalization in commodity-based industries are central to making trade better serve the objectives of sustainable development. Commodity production and processing impose costs on the environment, and ultimately on those living in areas where these activities take place, which are rarely included in the market price. Mechanisms may be needed to deal with such market failures, without thereby diminishing the resources derived, particularly by the developing countries, from commodity exports.

9. External environmental costs frequently arise from the techniques of production rather than from the product. Technologies already available can provide solutions and potential future technologies hold out the prospect of substantial improvements in production techniques. The heavy financial costs associated with the transfer of "clean" technologies will, however, make necessary the adoption of cooperative approaches, which include, in particular, the private sector, to provide incentives for switching to more environmentally sound technologies.

10. Work in UNCTAD on the issue of internalization should now assume more specific directions. It is an important element within the programme on trade and environment outlined in Board conclusion 407 (XL). The issue of competitiveness will be considered at the first part of the Board's forty-first session. It would be useful to establish a special institutional mechanism for dealing with the interrelated areas of trade, environment and development. There is general agreement to undertake work in the Standing Committee on

Commodities to examine the issue of the principle of full cost resource pricing and its implementation in support of sustainable development. There is also agreement that issues relating to financial aspects of sustainable development as well as to cooperative solutions to the problems associated with the transfer of environmentally sound technologies to developing countries deserve further consideration in UNCTAD.

11. Accordingly, the Board requests the Standing Committee on Commodities to begin examination at its third session of "global cooperation on the principle of full cost resource pricing and its implementation, in support of sustainable development".

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Item 5. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s

Decision 412 (XL): High-level Intergovernmental Meeting on the Mid-term Global Review of the Implementation of the Programme of Action for the Least Developed Countries for the 1990s 7/

The Trade and Development Board,

Recalling the Paris Declaration and the Programme of Action for the Least Developed Countries for the 1990s, adopted by the Second United Nations Conference on the Least Developed Countries held in Paris from 3 to 14 September 1990, 8/ and the Cartagena Commitment adopted at the eighth session of UNCTAD,

Further recalling General Assembly resolution 48/171 of 21 December 1993 in which it was decided, in paragraph 16, to convene a High-level Intergovernmental Meeting to conduct, in accordance with paragraph 140 of the Programme of Action and its resolution 45/206 of 21 December 1990, a Mid-term Global Review on the implementation of the Programme of Action in the early part of September 1995, or any other suitable date during the second half of 1995,

Recalling also that General Assembly resolution 48/171, in paragraph 18, requested the Trade and Development Board to consider, at its spring session in 1994, the elaboration of the preparatory activities for the Mid-term Global Review Meeting, including intergovernmental, expert, sectoral and inter-agency preparatory meetings and the substantive documentation,

Noting that the prime objective of the Programme of Action is to arrest the further deterioration in the socio-economic situation of the least developed countries, to reactivate and accelerate their growth and development, and in the process, to set them on the path of sustained growth and development,

Emphasizing that the Mid-term Global Review of the implementation of the Programme of Action provides a unique opportunity for the least developed countries and their development partners to take new measures with a view to enhancing the implementation of the Programme of Action during the rest of the 1990s,

Stressing that adequate resources should be provided to ensure full and effective participation of LDCs in the High-level Intergovernmental Meeting and its preparatory process,

1. Recommends to the General Assembly that:

(a) The High-level Intergovernmental Meeting on the Mid-term Global Review of the Implementation of the Programme of Action for the Least Developed Countries for the 1990s should be convened from 26 September to 6 October 1995, to be preceded by a one-day meeting of senior officials on 25 September 1995;

(b) The High-level Intergovernmental Meeting should, in accordance with General Assembly resolution 45/206, carry out the mid-term global review of the situation of LDCs, consider new measures as necessary, and accordingly report to the General Assembly on progress made in the implementation of the Programme of Action;

(c) In order to prepare for the High-level Intergovernmental Meeting, one session of the Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries should be convened in early 1995 for the duration of one week;

(d) Regional follow-up meetings should be organized by the relevant United Nations regional commissions, in close coordination with UNCTAD;

(e) Sectoral appraisals should be undertaken by United Nations system agencies in their respective fields;

(f) An inter-agency meeting should be convened in early 1995;

2. Welcomes the steps initiated by the UNCTAD secretariat to convene preparatory expert group meetings and urges donors to provide adequate extrabudgetary resources for that purpose, including for the preparation of substantive documentation;

3. Invites the Secretary-General of UNCTAD to start consultations as soon as possible, in accordance with General Assembly resolution 48/171 of 21 December 1993, with a view to enabling the General Assembly at its forty-ninth session to decide on the venue for the High-level Intergovernmental Meeting;

4. Recommends to the General Assembly to defray the cost of participation of two representatives from each least developed country (LDC) in the High-level Intergovernmental Meeting through reallocation of existing resources of the regular budget, if necessary. Extrabudgetary resources should also be explored for this purpose;

5. Requests the General Assembly to ensure that UNCTAD has sufficient resources and capacity to make necessary preparations for the High-level Intergovernmental Meeting and its follow-up;

6. Requests the Secretary-General of UNCTAD to submit to the Trade and Development Board at its forty-first session, second part, a report on the progress made in the implementation of the present decision.

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Agreed conclusions 413 (XL): Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s 9/

Introduction

1. The Trade and Development Board, in accordance with General Assembly resolution 45/206 of 21 December 1990, conducted the fourth annual review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s, with the Least Developed Countries 1993-1994 Report (TD/B/40(2)/11-UNCTAD/LDC(1993)) as the background document. Delegations commended the UNCTAD secretariat for the high quality of this Report which contained very useful information and analyses. The Board noted that it is the only Report of the United Nations system which focuses exclusively on the development problematique of the LDCs and that it is of particular value to the Governments of these countries and their development partners. The Board emphasized the focal role of UNCTAD with regard to issues pertaining to LDCs and, in that connection, recalled that General Assembly resolution 48/171 called upon UNCTAD to initiate further innovative measures to provide and mobilize financial and technical support for the effective implementation of the Programme of Action. It stressed that the international community should provide full support to the activities of UNCTAD in this regard. In order to ensure that LDCs are given the special attention they require, the Board stressed that the issues pertaining to this group of countries should be more fully integrated in the work of UNCTAD.

2. The Board also had an informal exchange of views and a fruitful debate on country-level experience with the implementation of the Programme of Action. The participation of Ministers and high-ranking officials and experts from LDCs and their development partners in the informal meetings contributed significantly to a constructive dialogue.

Recent growth performance

3. The Board was encouraged to find that roughly one quarter of the least developed countries had achieved good growth with per capita output rising during the early 1990s. However, for LDCs as a whole, per capita income had declined during this period, leading to deteriorating living conditions, particularly in many African LDCs. The Board was concerned that the development outlook of most LDCs remained sombre. Unpredictable weather conditions, natural disasters and the unfavourable external situation continued to contribute to the poor performance of LDCs. Political conflicts and civil strife in some LDCs had serious implications for their development prospects, and it was important to bring such conflicts to an early and peaceful settlement.

Human capacity building

4. The Board underscored that investment in basic education, training and health care was the foundation on which to build sustainable growth and

development in LDCs. Concern was expressed at the loss of scarce skilled human resources from LDCs and the Board stressed the need for effective incentives to retain these resources. The Board pointed out that policies in the areas of education, training and health care could be further improved without detriment to other important sectors of expenditure. An important reason for LDCs to give higher priority to health and education was their impact on demographic trends: there was a positive correlation between enhanced status and better education and health of women and lower birth rates and improved productivity.

Adjustment and reforms

5. The Board noted with appreciation that in recent years most LDCs had embarked on a process of structural adjustment and wide-ranging reforms, including privatization. This process could guarantee neither immediate results nor equitable sharing of costs and benefits, but the efforts of these countries provided a context in which growth and structural transformation could reinforce each other. External financing was often critical to this process. There was evidence that ambitious and sustained economic reforms, underpinned by external support, had improved the economic performance of a number of LDCs. Donor countries were invited to provide adequate resources for the implementation of these programmes. The need for LDCs' ownership of adjustment and reform programmes and for continued commitment of both LDCs and their development partners to their sustained implementation were stressed. It was recommended that the adjustment packages should be consistent with long-term priorities of LDCs and take into consideration possible social and political consequences. These reforms should also take into account the diversity of conditions and circumstances in the countries concerned and be implemented in a flexible manner.

Official development assistance and debt

6. The Board noted with great concern that official development assistance (ODA) remained the single most important source of external financing for LDCs. It welcomed improved aid performance by some donors and strongly urged all donors to make urgent and intensified efforts to fulfil the ODA targets and commitments undertaken in the Programme of Action. The Board was of the view that greater priority should be accorded to social-sector programmes in allocating ODA. The donor countries were invited to adjust upwardly the aid targets and commitments contained in the Programme of Action so as to reflect fully the additional resource requirements of the LDCs, including those added to the list of LDCs following the Second United Nations Conference on the Least Developed Countries.

7. The Board noted with concern that the debt burden of LDCs, particularly those in Africa, was a serious constraint to their development. Appreciation was expressed for cancellations of ODA debt of LDCs undertaken by many creditor countries, and for the enhanced measures taken in the Paris Club to alleviate LDCs' debt. The donor countries were asked to continue with these measures. These measures, however, had not been adequate for debt-distressed LDCs. It was emphasized by many countries that much stronger initiatives were required to improve the current terms of debt-relief for bilateral official debt. The Board noted with particular concern the increasing share of multilateral obligations in the overall debt stock and debt servicing of LDCs. The LDCs, and some donors, called for improvement and continuation of the scope and coverage of existing debt relief schemes and mechanisms, including those relating to debt service obligations to multilateral institutions. In this connection many countries welcomed initiatives such as the replenishment through IMF/ESAF

provided to alleviate this part of LDCs' debt. The Board drew attention to the commercial debt of LDCs and called for further action for the alleviation of such debt.

External trade

8. The Board noted that the extremely low export capacity of most of the LDCs continued to be one of the major obstacles to growth and a source of their special dependence on ODA for financing, necessary investment, imports and technical support for development. The Board welcomed the adoption of trade liberalization policies and measures by an increasing number of LDCs; however, difficulties persisted in expanding their external trading opportunities. Commodity and market diversification measures had been rendered difficult principally by lack of investment, technology and skills to augment levels of production and efficiency. UNCTAD should undertake a careful examination of the implications and opportunities for the LDCs of the Final Act of the Uruguay Round and suggest measures for removing any imbalances through, inter alia, additional trade preferences, financial assistance and debt relief. The special and differential measures for LDCs included in the Final Act should be implemented expeditiously and in a supportive manner. UNCTAD and ITC, according to their competence, should also provide technical assistance to LDCs in order to strengthen their capacity to implement the provisions of the Final Act of the Uruguay Round and to derive full benefits from the results of the Round. The provision of such assistance would be enhanced through further continued cooperation between UNCTAD and GATT/WTO.

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Item 6: UNCTAD's contribution to the United Nations New Agenda for the Development of Africa in the 1990s: investment promotion, foreign direct investment, transfer of technology

Agreed conclusions 414 (XL): United Nations New Agenda for the Development of Africa in the 1990s 10/

1. Under agenda item 6, the Trade and Development Board held a fruitful exchange of views on the specific issues relating to investment promotion, foreign direct investment and transfer of technology to Africa. The Board's deliberations identified factors that still restrain investment inflows to Africa, as well as possible responses by the African countries, UNCTAD and the international community in general. The UNCTAD secretariat report (TD/B/40(2)/9) provided the background for the Board's work. Also, the work of the three ad hoc working groups on (a) Investment and Financial Flows; Non-debt-creating Finance for Development; New Mechanisms for increasing Investment and Financial Flows; (b) the Interrelationship between Investment and Technology Transfer; and (c) Comparative Experiences with Privatization has already provided the framework for responding to some of these issues.

2. In accordance with paragraph 6 of agreed conclusions 403 (XXXIX) adopted by the Board at the second part of its thirty-ninth session, the successful outcome of the Tokyo Conference on African Development, held in October 1993, was reported on and welcomed.

3. The Board agrees that:

(a) The economic situation in most African countries continues to deteriorate, and effective measures to reverse the situation with the aim of attracting, promoting and retaining investment, including increased financial flows, are needed;

(b) Sound and sustainable macroeconomic policies, political stability, good governance, physical and institutional infrastructure and human resource development are a prerequisite for encouraging increased investment in Africa;

(c) Creating the legal, economic, and social conditions conducive to domestic investment has also proved to be effective in attracting foreign investment.

4. The Board invites African countries to:

(a) Initiate or continue reforms of legal and regulatory frameworks in order to improve the business environment, both for domestic and for foreign investment;

(b) Undertake and maintain efforts to create macroeconomic stability and carry out appropriate structural adjustment and liberalization policies;

(c) Take concrete steps to facilitate the development of local private enterprises and to involve the private sector in policy formulation;

(d) Strengthen local capital markets, including new or expanded stock exchanges and specialized financial institutions, providing equity and loan capital to small and medium-size enterprises;

(e) Raise the level of investment in human capital, in particular in the literacy and numeracy of the general population;

(f) Facilitate regional integration and cooperation, in particular in the areas of laws and regulations pertaining to the conduct of trade and investment, by strengthening and rationalizing existing regional intergovernmental mechanisms;

(g) Take steps to enable enterprises to benefit from foreign portfolio investments, inter alia, through the development of appropriate financial institutions.

5. The Board urges the international community to:

(a) Assist and support African countries in pursuing the above endeavour by creating new, wherever possible, and strengthening existing, channels of assistance and programmes of support in areas such as human resource development and technology transfer, in particular, through research and development centres, and support studies regarding the feasibility of the establishment of financial institutions, creation and reform of legal and regulatory frameworks pertaining to business conduct, creation of investment guarantee mechanisms and strengthening and developing of the financial sector;

(b) Reaffirm that the conceptual framework and implementation of structural adjustment policies should be improved by recognizing that these programmes and reforms induce social and adjustment costs and assist African countries to mitigate these effects;

(c) Assist African countries in disseminating information on investment opportunities in Africa, investment promotion programmes, and the improved investment environment resulting from the initiatives taken by African Governments;

(d) Intensify efforts to alleviate the debt burden, according to provisions in the United Nations New Agenda for the Development of Africa in the 1990s;

(e) Continue supporting Africa's development efforts by meeting their ODA commitments and targets.

6. The Board requests the UNCTAD secretariat, within UNCTAD's mandate, and where appropriate in cooperation with relevant agencies of the United Nations system, to:

(a) Ensure that, in accordance with the Board's decision taken at its thirty-ninth session, first part, 11/ the needs of African countries be taken fully into account in its activities;

(b) Propose ways and means of:

(i) Creating a sound business environment in such areas as accountancy, legal and regulatory frameworks, dispute settlement and arbitration mechanisms, and investment guarantee mechanisms, through technical assistance programmes, seminars and training, conferences, compilation of existing national regulations on investment, etc.;

(ii) Providing assistance in promoting the development of private enterprises by, inter alia, facilitating networking of private enterprises through such organs as Chambers of Commerce, studying the applicability of various credit creation mechanisms to Africa, and exploring and studying creative ways to promote private enterprise development, such as joint enterprises and management contracts;

(iii) Providing technical assistance to financial institutions, such as commercial and development banks and insurance companies, and conducting feasibility studies for creating and strengthening the effectiveness of local capital markets;

(iv) Facilitating human resources development in such areas as education, management, technology and engineering, accounting and finance by providing and expanding training programmes such as TRAINFORTRADE or facilitating cooperative programmes, using, inter alia, qualified manpower provided by other countries.

(c) Facilitate and assist the dissemination of information on business and investment opportunities in Africa, investment promotion programmes, and the improved investment environment resulting from reforms in such areas as legal and regulatory frameworks; move promptly to respond to requests to establish Trade Points as a way to increase information on trade and investment opportunities;

(d) Promote technical assistance programmes that encourage capacity-building with a view to augmenting Africa's own capacity, and in particular putting in place a sound technological base.

Future work of the Board

7. The Board requests the UNCTAD secretariat to report to it in progress reports on the follow-up to these activities.

8. The Board requests the UNCTAD secretariat to prepare and present, to the second part of the forty-first session of the Board, an evaluation of UNCTAD's contribution to the implementation of the United Nations New Programme for the Development of Africa in the 1990s.

9. The Board invites Governments to consider making extrabudgetary contributions to enable the UNCTAD secretariat to carry out the above activities.

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B. Other action

Item 7. Review and evaluation of work programmes (mid-term)

At its 841st plenary meeting, on 29 April 1994, the Trade and Development Board noted that the Officer-in-charge of UNCTAD had chaired two meetings (the 5th and 6th meetings) of the Mid-term Review Informal Working Group in the course of the second part of the fortieth session. The Board noted further that the Officer-in-charge of UNCTAD would report on the outcome of the Mid-term Review Informal Working Group to the Board at the resumed second part of the fortieth session to be held from 25 to 27 May 1994.

Item 8. Other matters in the field of trade and development: Report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-sixth session

At its 835th meeting, on 19 April 1994, the Board took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-sixth session (ITC/AG(XXVI)/139 and Add.1, distributed under cover of TD/B/40(2)/8) and the comments made thereon.

Item 9. Reports and activities of the subsidiary bodies of the Board: matters requiring action

This item was dealt with by the Trade and Development Board at its fifth (pre-sessional) executive session, held on 8 April 1994 (see TD/B/EX(5)/2, section II).

Item 10. Arrangements for the celebration of the thirtieth anniversary of UNCTAD*

1. The first event to be organized in celebration of the thirtieth anniversary of UNCTAD - namely, the Sixth Raúl Prebisch Lecture - was held on 29 April 1994. The Lecture, entitled "Globalization, economic restructuring and development", was delivered by Professor John H. Dunning, Professor of International Business, State University of New Jersey, Rutgers.

2. At the 841st (closing) meeting, on 29 April 1994, the representative of Japan said that his delegation was fully aware that the celebration of the thirtieth anniversary of UNCTAD offered an excellent opportunity to secure wide publicity for the evolution of UNCTAD since UNCTAD VIII and, in particular, the new orientations provided by the Conference. His Government had been trying to bring about a better understanding among the public of the useful activities UNCTAD had been undertaking.

3. He recalled that the progress report on this issue submitted to the fifth executive session of the Board (TD/B/EX(5)/CRP.1) indicated that a project document had been submitted to ESCAP for the organization of a regional seminar for the Asia-Pacific area, and that it would be submitted to the Japanese Government for possible financing. His delegation was pleased to announce that the Government of Japan had decided, in principle, to participate in the financing of the seminar in order to contribute to the celebration of the thirtieth anniversary. His Government warmly welcomed the kind offer of the Government of China to host this seminar in Beijing. It was the earnest hope of his delegation that the seminar would prove to be most fruitful and provide a valuable input to the symposium which the Government of Switzerland had kindly offered to host and finance.

4. The President, on behalf of the members of the Board, thanked the Government of Japan for the generous offer it had made.

Action by the Board

5. At its 841st plenary meeting, on 29 April 1994, the Board agreed that the President of the thirty-ninth session of the Board would continue to follow the arrangements for the celebration of the thirtieth anniversary of UNCTAD in the period ahead and on into the forty-first session of the Board.

* The Board considered this item also at its fifth (pre-sessional) executive session, on 8 April 1994 (see TD/B/EX(5), section III).

III. PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL,
ADMINISTRATIVE AND RELATED MATTERS

A. Opening of the session

5. The second part of the fortieth session of the Trade and Development Board was opened by Mr. Al Sherif Fawaz Al Sharaf (Jordan), President of the Board, at its fortieth session. The President made an opening statement.

B. Bureau of the Board

6. At its 834th (opening) meeting, on 18 April 1994, the Board took note that Mr. Akio Ijuin (Japan) had been replaced by Mr. Shohei Naito (Japan) as Vice-President.

7. Accordingly, the Bureau of the Board at the second part of its fortieth session was as follows:

President: Mr. Al Sherif Fawaz Al Sharaf (Jordan)

Vice-Presidents: Mr. Yuri Afanassiev (Russian Federation)
Mr. Satish Chandra (India)
Mr. Mohamed Ennaceur (Tunisia)
Mr. Ioannis Kinnas (Greece)
Mr. Shohei Naito (Japan)
Mr. Richard A. Pierce (Jamaica)
Mr. A. Pinoargote-Cevallos (Ecuador)
Mr. Clarke Rodgers Jr. (United States)
Mr. Ali Ahmed Sahloul (Sudan)
Mr. Zdenek Venera (Czech Republic)

Rapporteur: Mr. Marcel C. P. Van der Kolk (Netherlands)

C. Adoption of the agenda and organization
of the work of the session

(Agenda item 1 (a))

8. At its 834th meeting, the Board adopted the provisional agenda for the second part of its fortieth session as in section I of TD/B/40(2)/1. (The agenda as adopted is reproduced in annex I below.)

9. The Board also endorsed the proposals for the organization of work of the session contained in TD/B/40(2)/1/Add.2.

10. At the 835th meeting, on 19 April 1994, the President informed the Board that, in response to the request by the delegation of the United States of America for an additional item concerning "Preparations for the United Nations International Symposium on Trade Efficiency" to be included in the agenda, the Bureau had agreed that this matter should be taken up under item 12 (Other business).

D. Establishment of sessional bodies

11. At its 834th meeting, the Board established two sessional committees of the whole and a Special Sessional Committee, allocating agenda items to them for consideration and report as follows:

Sessional Committee I

Trade policies, structural adjustment and economic reform (item 2)

Sustainable development (item 4)

Sessional Committee II

UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s (item 6)

Special Sessional Committee

Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s (item 5)

12. The Board agreed that those officers elected to serve on the Sessional Committees at the first part of the session should be retained to serve in the same capacities at the second part of the session and that the officers serving on Sessional Committee II would also serve on the Special Sessional Committee.

13. The Board elected Mr. Jigmi Thinley (Bhutan) as Chairman of Sessional Committee II and the Special Sessional Committee, to replace Mr. Leslie Gatan (Philippines), who had been transferred from Geneva.

14. Accordingly, the officers serving on the sessional bodies were as follows:

Sessional Committee I

Chairman: Mr. Antti Hynninen (Finland)

Vice-Chairman-cum-Rapporteur: Mr. Evgueni Manakine (Russian Federation)

Sessional Committee II and Special Sessional Committee

Chairman: Mr. Jigmi Y. Thinley (Bhutan)

Vice-Chairman-cum-Rapporteur: Mr. Hermann Aschentrupp-Toledo (Mexico)

15. At its 841st (closing) meeting, on 29 April 1994, the Board took note of the reports of Sessional Committee I (TD/B/40(2)/SC.1/L.1 and Add.1), Sessional Committee II (TD/40(2)/SC.2/L.1) and the Special Sessional Committee (TD/B/40(2)/SSC/L.2 and Add.1), and decided that they should form an integral part of the summary of proceedings in volume II of the report of the Board on the second part of its fortieth session (TD/B/40(2)/24 (Vol. II)).

E. Adoption of the report on credentials

(Agenda item 1 (b))

16. At its 841st (closing) meeting, on 29 April 1994, the Board adopted the report submitted by the Bureau on the credentials of the representatives attending the second part of the fortieth session (TD/B/40(2)/12).

F. Provisional agenda for the first part of the forty-first session of the Board

(Agenda item 1 (c))

17. At the same meeting, the Board approved the provisional agenda for the first part of its forty-first session (TD/B/40(2)/L.4, pp. 1-2), on the understanding that the provisional agenda would be reviewed in the light of the outcome of the mid-term review to be undertaken at the resumed second part of its fortieth session (25-27 May 1994). (For the provisional agenda, see annex II to part one of the present report. For the revised provisional agenda, see annex I to part two of the present report.)

G. Provisional agenda for the pre-session executive session of the Board in September 1994

(Agenda item 1 (d))

18. At the same meeting, the Board approved the provisional agenda for the pre-session executive session of the Board in September 1994 (TD/B/40(2)/L.4, p. 3), on the understanding that the provisional agenda would be reviewed in the light of the outcome of the mid-term review to be undertaken at the resumed second part of its fortieth session (25-27 May 1994). (For the provisional agenda, see annex III below.)

H. Designation of the President of the forty-first session of the Board

(Agenda item 1 (e))

19. At the fifth (pre-session) executive session of the Board (8 April 1994), to which this item had initially been allocated, the President had drawn attention to the fact that, in accordance with the cycle for the rotation of the office of President of the Board, the President at the forty-first session would be a representative of one of the States in List C (Latin America). The Board had taken note that consultations were still in progress with the Latin American and Caribbean Group and had decided to revert to the matter again at the second part of its fortieth session.

20. At its 841st (closing) meeting, on 29 April 1994, the Board agreed by acclamation to designate H.E. Mr. Richard M. Pierce (Jamaica) as President of the Trade and Development Board at its forty-first session.

I. Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

(Agenda item 11 (d))

21. At its 835th meeting, on 19 April 1994, the Board approved the application of the Commonwealth of Independent States (CIS) for designation under rule 76 of the rules of procedure of the Board. Information on this organization was contained in document TD/B/40(2)/R.1 (now derestricted).

22. At the same meeting, the Board took note that the Arab Industrial Development Organization (AIDO), an intergovernmental organization which had been granted status by the Board at its eighteenth session, had changed its name to the Arab Industrial Development and Mining Organization (AIDMO) and now consisted of the former AIDO, the Arab Organization for Standardization and Metrology (ASMO) and the Arab Organization for Mineral Resources (AOMR).

J. Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure

(Agenda item 11 (e))

23. Also at its 835th meeting, the Board approved the application of the Latin American Parliament for designation under rule 77 of the rules of procedure of the Board and decided, in accordance with the recommendations of the Secretary-General of UNCTAD (see TD/B/40(2)/R.2 now derestricted) and of the Bureau, to classify the organization in the general category under the terms of paragraph 12 (a) of Board decision 43 (VII).

24. The spokesman for the Latin American and Caribbean Group (Peru) made a brief statement to express the pleasure of his Group on the designation by the Board of the Latin American Parliament as a non-governmental organization in status with UNCTAD. He stated that this organization, which was made up of democratically elected parliamentarians from various countries in the Latin American region, was an entity which had been involved in promoting the economic and political interests of the region and as such could make a valuable substantive contribution to the work of UNCTAD.

25. Finally, the Board noted that the International Foundation for Development Alternatives (IFPA), a non-governmental organization which had been granted status in the General Category by the Board at its eighteenth session, had informed the secretariat that the Foundation was currently inactive and that a resumption of its activities was unlikely. Accordingly, the Board noted that IFPA had been withdrawn from the list of non-governmental organizations in status with UNCTAD and would be deleted from document TD/B/INF.107/Rev.6.

K. Status of the European Community in the Special Committee on Preferences

(Agenda item 11 (f))

26. At the 835th meeting, on 19 April 1994, the spokesman for the European Union (Greece) referred to the proposal set forth in the explanatory memorandum circulated in document TD/B/40(2)/22 to upgrade the status of the

European Community in the Special Committee on Preferences and called on the Board to examine the proposal. He recalled that the European Community had been participating in UNCTAD proceedings with observer status since 1964. The Community had its own competence on restrictive business practices and on trade preferences. This power was exclusive and he affirmed that the Community, in order to exercise its responsibilities, should have been granted in the Special Committee on Preferences the same status as the one it currently enjoyed in the Intergovernmental Group of Experts on Restrictive Business Practices.

Action by the Board

27. At the same meeting, the Board decided to mandate the President, in consultation with the UNCTAD Senior Legal Adviser, to conduct consultations on this item and to report on the outcome to the Board at its current session.

28. At its 841st (closing) meeting, the Board, noting the written communication received from the Chairman of the Group of 77 in Geneva (circulated in document TD/B/40(2)/CRP.3) and having been informed of the outcome of the consultations on this item, agreed that there was a need for further consultations among delegations before a definitive decision could be arrived at. The President was requested to decide on the format and calendar of these consultations.

L. Review of the calendar of meetings

(Agenda item 11 (g))

29. At the 841st (closing) meeting, on 29 April 1994, the Chief of the Conference Affairs Service reported that the Group on Calendar Matters, at its meeting on 27 April 1994, had agreed to recommend that the Board approve the calendar of meetings as in TD/B/40(2)/L.1 up to and including the first part of the forty-first session of the Board (starting on 19 September 1994), subject to any adjustments that might become necessary in the light of developments and also in the light of the forthcoming mid-term review. The Group had also recommended that the Board approve the calendar for the remainder of 1994 and the indicative calendar for 1995 for planning purposes. Finally, the Group had recommended that the calendar item on the Board's agenda remain open and be reviewed in the light of the results of the mid-term review to be undertaken by the Board at its resumed session (25-27 May 1994).

Action by the Board

30. At the same meeting, the Board endorsed the above recommendations of the Group on Calendar Matters and approved the calendar of UNCTAD meetings in document TD/B/40(2)/L.1. 12/

M. Administrative and financial implications
of the actions of the Board

(Agenda item 11 (h))

31. At its 841st (closing) meeting, on 29 April 1994, the Board took note of the statement of financial implications made by the Director of the Division for Programme Support and Management Services in connection with the adoption of decision 412 (XL) (see sect. II.A above). (For the statement of financial implications, see annex IV below.)

N. Other business

(Agenda item 12)

1. Terms of reference of the Ad Hoc Working Group to Explore the Issue of Structural Adjustment for the Transition to Disarmament

32. At its 839th meeting, on 28 April 1994, the Board decided that this item would be discussed at the resumed second part of the fortieth session of the Board dealing with the mid-term review, in May 1994. The proposals made by the European Union and by the Russian Federation would be taken into account at the mid-term review (see the discussion under this item in document TD/B/40(2)/24(Vol. II)). Noting that the provisional agenda for the first part of the forty-first session of the Board would also be discussed at the resumed session in May, the Board agreed that it would be able to decide then whether to refer the item forward to the first part of its forty-first session.

2. Preparations for the United Nations International Symposium on Trade Efficiency

33. At the 840th plenary meeting, on 28 April 1994, Mrs. E. Shelton (United States of America), Chairperson of the Ad Hoc Working Group on Trade Efficiency, made a statement on the "Preparation for the United Nations International Symposium on Trade Efficiency", to be held in October 1994. A presentation was also made by a representative of the host city (Columbus, Ohio). These presentations were followed by a question-and-answer session.

O. Adoption of the report of the Board

(Agenda item 13)

34. At its 841st (closing) meeting, on 29 April 1994, the Trade and Development Board adopted the draft report on the second part of its fortieth session (TD/B/40(2)/L.2 and Add.1-5), authorizing the Rapporteur to complete the final report with the proceedings of the closing plenary meeting and to incorporate any amendments submitted by delegations. The Board further requested the Rapporteur, under the authority of the President, to prepare the Board's report to the General Assembly.

Notes

1/ See Official Records of the General Assembly, Thirty-ninth Session, Supplement No. 15 (A/39/15), vol. II, sect. II.

2/ See Proceedings of the United Nations Conference on Trade and Development, Eighth Session, Report and Annexes (TD/364/Rev.1), United Nations publication, Sales No. E.93.II.D.5), part one, sect. A.

3/ Originally circulated in document TD/B/40(2)/SC.1/L.2.

4/ Originally circulated in document TD/B/40(2)/L.3.

5/ Originally circulated in document TD/B/40(2)/SC.1/L.3.

6/ Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992 (A/CONF.151/26/Rev.1 (Vol. I and Vol. I/Corr.1, Vol. II, Vol. III and Vol. III/Corr.1) (United Nations publication, Sales No. E.93.I.8 and corrigenda), vol. I: Resolutions adopted by the Conference, resolution I, annex I.

7/ Originally circulated in document TD/B/40(2)/SSC/L.1/Rev.1, paragraph 4 of which was amended by the Board at its closing plenary meeting. For the statement of financial implications in connection with this decision, see part one, section III.M and annex IV to part one of the present report.

8/ See A/CONF.47/Misc.9.

9/ Originally circulated in document TD/B/40(2)/SSC/L.3.

10/ Originally circulated in document TD/B/40(2)/SC.2/L.3.

11/ See document TD/B/39(1)/15, part I, sect. B.6.

12/ The calendar of meetings was subsequently issued in document TD/B/40(2)/INF.2.

ANNEX I

Agenda for the Second Part of the fortieth session
of the Trade and Development Board a/

(April 1994)

1. Procedural matters:
 - (a) Adoption of the agenda and organization of the work of the session;
 - (b) Adoption of the report on credentials;
 - (c) Provisional agenda for the first part of the forty-first session of the Board;
 - (d) Provisional agenda for the pre-session executive session of the Board in September 1994;
 - (e)* Designation of the President of the forty-first session of the Board.
2. Trade policies, structural adjustment and economic reform:

Increased participation in international trade in goods and services by developing countries and economies in transition: some problems and opportunities.
3. Developments and issues in the Uruguay Round of particular concern to developing countries.
4. Sustainable development:

The effect of internalization of external costs on sustainable development.
5. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s.
6. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s:

Investment promotion, foreign direct investment, transfer of technology.
7. Review and evaluation of work programmes (mid-term). b/

* Items allocated to the fifth (pre-session) executive session for action.

a/ Adopted by the Board at its 834th (opening) meeting, on 18 April 1994.

b/ Item to be concluded at the resumed second part of the fortieth session of the Board (25-27 May 1994).

8. Other matters in the field of trade and development
 - (a) Report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-sixth session.
- 9.* Reports and activities of the subsidiary bodies of the Board: matters requiring action.
- 10.** Arrangements for the celebration of the thirtieth anniversary of UNCTAD.
11. Institutional, organizational, administrative and related matters:
 - (a)* Treatment of new States members of UNCTAD for purposes of elections;
 - (b)* Membership of the Trade and Development Board;
 - (c)* Membership of the Standing Committees and Ad Hoc Working Groups;
 - (d) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;
 - (e) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board;
 - (f) Status of the European Community in the Special Committee on Preferences;
 - (g) Review of the calendar of meetings;
 - (h) Administrative and financial implications of the actions of the Board.
12. Other business.
13. Adoption of the report of the Board.

* Items allocated to the fifth (pre-sessional) executive session for action.

** Item allocated to the pre-sessional executive session but left open for further discussion at the current regular session.

ANNEX II

Provisional agenda for the first part of the forty-first
session of the Trade and Development Board*

1. Procedural matters:
 - (a) Election of officers;
 - (b) Adoption of the agenda and organization of the work of the session;
 - (c) Adoption of the report on credentials;
 - (d) Provisional agenda for the second part of the forty-first session of the Board;
 - (e) Provisional agenda for the pre-session executive session of the Board (Spring 1995).
2. International implications of macroeconomic policies and issues concerning interdependence: elements of successful growth and adjustment strategies.
3. Follow-up to the recommendations of the Conference at its eighth session:

[to be completed in the light of developments]
4. Sustainable development: trade and environment: the impact of environment-related policies on export competitiveness and market access.
5. Analysis and assessment of the outcome of the Uruguay Round, in particular in areas of concern to developing countries and economies in transition concerned, and its impact on the international trading system and problems of implementation.
6. Celebration of the thirtieth anniversary of UNCTAD.
7. UNCTAD's assistance to the Palestinian people.
8. Other matters in the field of trade and development:
 - (a) Progressive development of the law of international trade: twenty-sixth annual report of the United Nations Commission on International Trade Law;
 - (b) United Nations International Symposium on Trade Efficiency;

[to be completed in the light of developments]

* Approved by the Board at its 841st (closing) meeting, on 29 April 1994 (see sect. III.F above). The provisional agenda will be reviewed in the light of the outcome of the mid-term review at the resumed session of the Trade and Development Board (25-27 May 1994).

9. Institutional, organizational, administrative and related matters:
 - (a) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;
 - (b) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board;
 - (c) Review of the calendar of meetings;
 - (d) Administrative and financial implications of the actions of the Board.
10. Other business.
11. Adoption of the report of the Board.

ANNEX III

Provisional agenda for the (pre-sessional) executive session

(Autumn 1994)*

1. Adoption of the agenda of the session.
2. Institutional, organizational, administrative and related matters:
 - (a) Treatment of new States members of UNCTAD for the purposes of elections;
 - (b) Membership of the Trade and Development Board;
 - (c) Membership of the Standing Committees and Ad Hoc Working Groups;
 - (d) Membership of the Working Party on the Medium-term Plan and the Programme Budget for 1995.
3. Nomination of officers for the Bureau and Sessional Committees of the forty-first session of the Board.
4. Reports and activities of the subsidiary bodies of the Board: matters requiring action

[to be completed in the light of developments]
5. Contribution of the Trade and Development Board to the celebration of the fiftieth anniversary of the United Nations.
6. Outcome of the mid-term review (May 1994): matters requiring follow-up.
7. Preliminary arrangements for the ninth session of the Conference.
8. Other business.
9. Report of the (pre-sessional) executive session of the Board.

* Approved by the Board at its 841st (closing) meeting, on 29 April 1994 (see sect. III.G above).

ANNEX IV

Statement of financial implications in connection with
the adoption of decision 412 (XL)*

1. On 27 April 1994, the Special Sessional Committee of the Trade and Development Board recommended for adoption by the Board draft decision TD/B/40(2)/SSC/L.1/Rev.1, in which the Board would recommend to the United Nations General Assembly a series of activities, including, inter alia, a High-level Intergovernmental Meeting on the Mid-term Global Review of the Implementation of the Programme of Action for the Least Developed Countries for the 1990s, a session of the Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries, and a recommendation that the General Assembly defray the cost of participation of two representatives from each least developed country in the High-level Intergovernmental Meeting.
2. As already stated orally to the Special Sessional Committee by the Chief of the UNCTAD Administrative Service, the Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries would give rise to conference-servicing costs estimated at \$145,000, which is to be absorbed within the existing resources allocated to the Conference Services Division of the United Nations in Geneva. This is in addition to the cost of \$526,000 in conference servicing which would arise from the High-level Intergovernmental Meeting itself. The Secretary-General of the United Nations has already informed the General Assembly earlier in 1994 that this cost would also be absorbed by the Conference Services Division.
3. In addition, the secretariat had informed the Special Sessional Committee that the cost to the 1994-1995 regular budget of the participation of two representatives from each least developed country would amount to \$535,000 for which there was no provision in the current programme budget.
4. At the final meeting of the Special Sessional Committee, paragraph 4 of the draft decision had been amended, recommending that the cost of participation of representatives from the least developed countries be funded from reallocation of existing resources of the regular budget of the United Nations or from extrabudgetary resources.
5. There has not been enough time to consult the Office of the Controller in order to ascertain the position of the United Nations Secretary-General on the issue reflected in the amendment to paragraph 4 of the decision. The secretariat is able to confirm that the estimates for the cost of participation of LDCs delegates remains unchanged, but needed to reserve the position of the United Nations Secretary-General regarding the amendment to paragraph 4 of the decision.
6. Accordingly, additional statements of programme budget implications, if any, which the Secretary-General of the United Nations might wish to make in connection with decision 412 (XL) would be presented to the Economic and Social Council at its next session when it considered the report of the Trade and Development Board on the second part of its fortieth session.

* See sect. II.A and sect. III.M above.

ANNEX V

Membership and attendance*

1. The following States members of UNCTAD, members of the Board, were represented at the session:

Afghanistan	Liechtenstein
Albania	Madagascar
Algeria	Malaysia
Angola	Malta
Argentina	Mauritius
Australia	Mexico
Austria	Mongolia
Azerbaijan	Morocco
Bangladesh	Myanmar
Belarus	Namibia
Belgium	Nepal
Bhutan	Netherlands
Bolivia	New Zealand
Brazil	Nigeria
Bulgaria	Norway
Burkina Faso	Oman
Burundi	Panama
Cameroon	Paraguay
Canada	Peru
Chile	Philippines
China	Poland
Colombia	Portugal
Costa Rica	Qatar
Côte d'Ivoire	Republic of Korea
Cuba	Romania
Czech Republic	Russian Federation
Democratic People's Republic of Korea	Saudi Arabia
Denmark	Senegal
Ecuador	Singapore
Egypt	Slovakia
Ethiopia	Spain
Finland	Sri Lanka
France	Sudan
Gabon	Sweden
Germany	Switzerland
Greece	Syrian Arab Republic
Haiti	Thailand
Hungary	The former Yugoslav Republic of Macedonia
India	Togo
Indonesia	Trinidad and Tobago
Iran (Islamic Republic of)	Tunisia
Iraq	Turkey
Ireland	Ukraine
Israel	United Arab Emirates
Italy	United Kingdom of Great Britain and Northern Ireland
Jamaica	United Republic of Tanzania
Japan	United States of America
Jordan	Uruguay
Kenya	Venezuela
Kuwait	Viet Nam
Lebanon	Zambia
Liberia	Zimbabwe
Libyan Arab Jamahiriya	

* For the list of participants, see TD/B/INF.3.

2. The following other States members of UNCTAD, not members of the Board, were represented as observers at the session:

Djibouti	Maldives
Holy See	Mozambique
Lithuania	Niger
Malawi	Slovenia

3. Participated pursuant to General Assembly resolution 3280 (XXIX):

Pan Africanist Congress of Azania

4. The United Nations Environment Programme

United Nations Development Programme
United Nations Population Fund were represented at the session.

The International Trade Centre UNCTAD/GATT was also represented.

5. The following specialized and related agencies were represented at the session:

International Labour Organisation
Food and Agriculture Organization of the United Nations
International Monetary Fund
United Nations Industrial Development Organization

The General Agreement on Tariffs and Trade was also represented.

6. The following intergovernmental organizations were represented at the session:

Commonwealth of Independent States
European Community
League of Arab States
Organisation for Economic Cooperation and Development
Organization of African Unity

7. The following non-governmental organizations were represented at the session:

General category

International Chamber of Commerce
International Council of Women
International Confederation of Free Trade Unions
World Confederation of Labour
World Federation of United Nations Associations
Third World Network

PANELLISTS

Mr. J.-P. BARDE, Senior Economist, Environment Directorate, OECD, France

H.E. Mr. Abdallah BOUREIMA, Minister for Finance and Planning, Niger

Mr. P. GUITARD, Secrétaire général, Comité ACP, Conseil national du patronat français, France

Mr. Heba HANDOUSSA, Director, Economic Research Forum, Egypt

Mr. Ivan IVANOV, Trade Representative, Belgium

H.E. Mr. Fathulla JAMEEL, Minister for Foreign Affairs, Maldives

Mr. M. KARIM, Secretary, Ministry for Commerce, Bangladesh

Mr. D. KILLICK, FCIS, Director of Business Development, Commonwealth Development Corporation, United Kingdom

Mr. M. LUCKE, Institute for World Economy, University of Kiel, Germany

H.E. Mr. Kogoma MALIMA, Minister for Finance, United Republic of Tanzania

H.E. Mr. Duri MOHAMED, Minister for Planning, Ethiopia

H.E. Mr. M. A. MOHAMED, Ministre de l'Economie et du commerce, Djibouti

Mr. R. K. PACHAURI, Director, Tata Energy Research Institute, India

Mr. J.-P. REVERET, Deputy Director, International Academy of the Environment, Switzerland

Mr. K. SAUVANT, Assistant Director, Division on Transnational Corporations and Investment, UNCTAD

Mr. T. ZYLICZ, Professor, Warsaw Ecological Economics Centre, University of Warsaw, Poland

Part Two

REPORT OF THE TRADE AND DEVELOPMENT BOARD ON THE RESUMED SECOND PART OF ITS FORTIETH SESSION

I. INTRODUCTION

1. In accordance with the UNCTAD calendar of meetings, the Trade and Development Board held a resumed second part of its fortieth session at the Palais des Nations, Geneva, from 25 to 27 May 1994. In the course of the session, the Board held two plenary meetings, the 842nd and 843rd meetings.
2. The resumed session was convened to deal specifically with item 7 of the agenda of the second part of the fortieth session of the Board, namely, "Review and evaluation of work programmes (mid-term)".
3. In his introductory remarks, the President of the Board recalled the terms of paragraph 68 of the Cartagena Commitment, whereby the Board was called upon to

"conduct, midway between Conferences, a review and evaluation of the work programme of the intergovernmental machinery, including its own; of technical assistance programmes; and, bearing in mind the calendar established in this regard, of the programme budget and medium-term plan, so as to ensure full integration of all work undertaken by UNCTAD and to establish or adjust priorities for the period up to the following Conference." 1/

He recalled further that, for the purpose of advancing the work of the Board in response to paragraph 68 of the Cartagena Commitment, the Mid-term Review Informal Working Group, composed of representatives of States members of UNCTAD, had been established by the monthly consultations of the Secretary-General, on 17 January 1994. The Informal Working Group had held its first meeting on 4 February 1994, which had been chaired by the Secretary-General of UNCTAD. The Working Group had held a total of nine meetings. The outcome of the deliberations of the Working Group was reflected in document TD/B/40(2)/L.7 and Add.1.

4. Finally, the President of the Board extended a warm welcome to Dame Margaret Anstee, who would be introducing the report by the independent consultants entitled "Technical cooperation: implementing the Cartagena Commitment" (TD/B/40(2)/14) (see sect. III, paras. 23-34).

II. ACTION TAKEN BY THE TRADE AND DEVELOPMENT BOARD AT THE
RESUMED SECOND PART OF ITS FORTIETH SESSION

A. Conclusions and decisions adopted by the Board

Review and evaluation of work programmes (mid-term)

Conclusions and decisions 415 (XL): Mid-term review

(Agenda item 7)

Preparatory process for the Mid-term Review by the Trade and Development Board

1. Paragraph 68 of the Cartagena Commitment requires the Trade and Development Board to "conduct, midway between Conferences, a review and evaluation of the work programme of the intergovernmental machinery, including its own; of technical assistance programmes; and, bearing in mind the calendar established in this regard, of the programme budget and medium-term plan, so as to ensure full integration of all work undertaken by UNCTAD and to establish or adjust priorities for the period up to the following Conference".

2. The Board, at the first part of its fortieth session, decided to make provision for the holding of a resumed session of the Board (25-27 May 1994) for the mid-term review.

3. A Mid-term Review Informal Working Group, composed of representatives of States members of UNCTAD, was established by the monthly consultations of the Secretary-General of UNCTAD on 17 January 1994. The Informal Working Group held its first meeting on 4 February 1994 and was chaired by the Secretary-General.

4. On the understanding that there would be no attempt to rewrite the provisions of the Cartagena Commitment, the first meeting confirmed that the work of the Informal Working Group would comprise:

(a) A review of the work programmes of UNCTAD intergovernmental bodies, in the context of which account would be taken of the extent to which effect has been given to the recommendations of UNCTAD VIII. This exercise would also include an assessment of the implementation of the institutional reforms contained in Part III of the Cartagena Commitment. It would in addition encompass a review of the structure of UNCTAD's intergovernmental machinery, including possible modifications in the structure of the ad hoc working groups, and an evaluation of the current focus of the various Standing Committees;

(b) A policy review of UNCTAD technical cooperation programmes, on the basis of the report prepared by Dame Margaret Anstee and Mr. Leelananda de Silva (TD/B/40(2)/14);

(c) The task of integrating more effectively the various areas of UNCTAD's work and looking again at priorities among subprogrammes and activities in the context of the medium-term plan and the programme budget.

5. The first meeting also agreed that the work of the Informal Working Group should proceed in an informal, transparent and open-ended manner. The objective was to prepare and carry forward, as far as possible, the work required for the mid-term review, including, if possible, the preparation of a draft document for adoption by the Board at its resumed session on the mid-term review in May 1994.

6. The Mid-term Review Informal Working Group held a total of nine meetings. A report of the proceedings of these meetings is contained in document TD/B/40/(2)/L.7 and Add.1.

Assessment of the post-Cartagena experience by the Trade and Development Board

7. Considerable progress has been achieved in the implementation of the Cartagena Commitment. The process of intergovernmental deliberation, in particular the exchange of national experiences, has been useful. The structures and working methods established by UNCTAD VIII have shown considerable potential for achieving the desired results. Experience with the ad hoc working group mechanism has been especially valuable. The meetings of these groups have by and large been characterized by a high technical level of discussions, a substantial volume of work, and several conclusions providing orientations for future work and creating the premises for further movement in the dynamic and progressive sequence envisaged by the Cartagena Commitment.

8. At the same time, the work of the Mid-term Review Informal Working Group, the reports of the ad hoc working groups and the assessments by the presiding officers of subsidiary bodies have helped the Board to identify the following areas in which scope exists for improvement and change:

(a) Given the existing resource constraints of member States and of the UNCTAD secretariat and calendar constraints between the present time and UNCTAD IX, a streamlining of the structure of the subsidiary bodies of the Board and of working methods is necessary. In particular, there should be fewer intergovernmental bodies and these should have more focused mandates, as well as more realistic and achievable objectives. There is also a need for fewer meetings, and for strict adherence to the existing guidelines on agendas and documentation;

(b) Unnecessary duplication should be avoided, both within UNCTAD and between the work of UNCTAD's intergovernmental bodies and that of other organizations. At the same time, scope exists for complementarity, whereby issues considered in other organizations are examined from the particular perspectives of UNCTAD;

(c) Some interested developing countries, and in particular the least developed countries (LDCs), face difficulties in participating in the work of UNCTAD's intergovernmental bodies. This applies particularly to the participation of experts from capitals. It was also recognized that the specific concerns of LDCs should be better reflected in the documents as well as in the agendas of the intergovernmental mechanisms of UNCTAD;

(d) More attention needs to be given to making the outcome of intergovernmental deliberations more policy- and action-oriented, with a view to agreeing on implementable commitments whenever possible, in accordance with paragraph 57 of the Cartagena Commitment.

Trade and Development Board

Regular sessions

9. The frequency and content of the regular sessions of the Board were confirmed by the Conference at its eighth session. Consequently, proposals for change in this regard would have to be put, as appropriate, to UNCTAD IX.

Proposals made on, inter alia, a reduction of the duration of Board meetings and the inclusion of a high-level segment, including the possible holding of a ministerial meeting of the Board between Conferences, should be considered further by the Board in preparation for a decision by the Conference. For this purpose, the secretariat is requested to examine the implications of the various proposals, and to report thereon to the Board.

10. Paragraph 67 of the Cartagena Commitment states that "the policy function of the Board should be strengthened. The Board should be more active in adapting the organization's work to changing worldwide economic circumstances, reviewing work programmes and priorities, promoting greater efficiency and reacting to reports from its subsidiary bodies in order to give impetus to ongoing work". In order to contribute to this task, the agenda items chosen for consideration by the Board should be focused so as to allow the Board to provide policy guidance. Topics should be chosen which reflect UNCTAD's institutional comparative advantage, as well as allowing for a degree of complementarity with the work of other organizations. Moreover, the choice of topics should also be guided by the requirements of the Cartagena Commitment and by the need to ensure synergy with the work of the Board's subsidiary bodies. The practice of inviting experts should be continued.

Executive sessions

11. The executive session of the Board remains a valuable mechanism, although it has not fully lived up to expectations. It is generally agreed that modalities should be worked out to make optimal use of this mechanism. Further modifications may be necessary, moreover, in the light of any decisions taken by UNCTAD IX on the frequency and scope of regular sessions of the Board.

12. With regard to modalities for improvement, the suggestion was made to hold two types of meetings for the executive session. One would be a pre-sessional meeting called to deal mainly with procedural/administrative/organizational matters. The other, also to be convened at regular intervals between statutory meetings of the Board, would handle mainly policy matters. The secretariat is requested to propose, in consultation with member States, further refinements of the functioning and role of the executive sessions, taking into consideration the functions of the regular sessions of the Trade and Development Board, and to report to the next regular session of the Board.

Standing Committees

13. The Standing Committees have not been able to carry out enough of their work programmes to allow for an in-depth review of their performance at this stage. In any case, the Cartagena Commitment calls for such a review to be carried out immediately before UNCTAD IX. In the meantime, however, the agendas of the Standing Committees should be more focused and made to reflect clear priorities.

14. For this purpose, forthcoming meetings of the Standing Committees should consider no more than two substantive topics, which could be examined previously by expert groups as appropriate. Greater benefit could be derived from the participation of experts in Standing Committees meetings themselves. The interventions of experts should be better integrated in the meetings in order to allow, in particular, for an in-depth dialogue between the experts and the delegations.

15. The Board takes note of the recommendations proposed by the Chairmen of the Standing Committees in their assessments.

Ad hoc working groups

16. The Board agrees that the five existing ad hoc working groups have addressed, albeit in varying degrees, all elements in their respective terms of reference and that they should be wound up.

17. It will be recalled that the Trade and Development Board, by its decision 399 (XXXIX) of 9 October 1992, established an Ad Hoc Working Group to Explore the Issue of Structural Adjustment for the Transition to Disarmament. The Board notes that the terms of reference for this Ad Hoc Working Group have not yet been established and that consultations are continuing in that connection.

18. With regard to trade efficiency, further to the recommendation of the Ad Hoc Working Group on Trade Efficiency, the Board decides to establish a Preparatory Committee for the United Nations International Symposium on Trade Efficiency (UNISTE). The Board further agrees to meet in an executive session at the earliest appropriate opportunity after UNISTE and to consider such follow-up work as might be needed.

19. The Board considers that, in order to permit expert, in-depth treatment of topics, the number of new ad hoc working groups should be limited to three.

20. The Board decides to establish three ad hoc working groups focusing respectively on the following three broad topics:

(a) Ad Hoc Working Group on Trade, Environment and Development;

(b) Ad Hoc Working Group on the Role of Enterprises in Development;

(c) Ad Hoc Working Group on Trading Opportunities in the New International Trading Context.

21. The Cartagena Commitment requires that these working groups should have a very specific mandate. In order to achieve this objective and also to permit the new groups to start their substantive work immediately upon their formation, the Board approved terms of reference/work programmes (see annex) and decided that, at a subsequent executive session, it would approve agendas for the first session of the groups. This decision is based on the understanding that broad policy aspects of some of the issues covered by the above working groups, such as sustainable development and trade policy, would be dealt with by the Trade and Development Board.

22. The Board agrees to the holding of a seminar on regional economic arrangements and their relationship with the multilateral trading system. It was understood that the seminar would be organized on the same financial basis as the ad hoc working groups.

23. The Board decides to address the modalities for dealing with the implications for trading opportunities of developing countries and countries in transition concerned of new and emerging issues on the international trade agenda at an executive session to be convened at the earliest possible opportunity.

Policy review of technical cooperation

24. The Board had before it the report on "Technical cooperation: implementing the Cartagena Commitment" prepared by Dame Margaret Anstee and Mr. Leelananda de Silva (TD/B/40(2)/14) at the request of the Secretary-General of UNCTAD. Member States reaffirm their strong support for technical cooperation as one of the main functions of UNCTAD. The Board expresses its appreciation of the report and welcomes its overall thrust with its emphasis on the need to strengthen UNCTAD's technical cooperation, within the functions outlined for UNCTAD in paragraph 50 of the Cartagena Commitment.

25. The Board decides to convene a special executive session at the earliest possible opportunity, to complete its review of the report and, in the light thereof, to decide on the recommendations contained therein. The Board, while recognizing that decisions on the organizational structure of UNCTAD fall within the purview of the secretariat, invites the Secretary-General of UNCTAD to examine the implementation, within existing resources, of those recommendations aimed at increasing transparency and overall administrative efficiency. It also requests the Secretary-General to report to the Board in executive session on the findings of this examination and on what subsequent action may be taken.

Commission on Transnational Corporations and Commission on Science and Technology for Development

26. The Board considers that the Commission on Transnational Corporations and the Commission on Science and Technology for Development should be integrated into the intergovernmental machinery of UNCTAD. It takes note that the Commission on Transnational Corporations, at its twentieth session on 11 May 1994, adopted a resolution in which it decided to recommend to the General Assembly through the Economic and Social Council that that Commission should become a Commission of the Trade and Development Board under the title of "Commission on International Investment and Transnational Corporations". Without prejudice to the decision of the Economic and Social Council and the General Assembly on this recommendation, the Board wishes to respond to the request addressed to it in that resolution at the earliest possible moment and requests the Secretary-General of UNCTAD to act accordingly.

Financial and programme issues

27. The Board agrees that the participation of experts and officials involved in policy formulation is particularly useful and should be extended. It recognizes, however, that such participation by developing countries, and by LDCs in particular, has been inadequate. In order to facilitate the participation of a wide range of countries, notably the LDCs, the Board decides to study the possibility of financing it from the programme budget under budget lines for travel of representatives, and requests the secretariat to present the financial implications of such a proposal at the next session of the Board.

28. In the light of the outcome of the mid-term review, the Board will review priorities among subprogrammes in the medium-term plan. In the revision of the Medium-term Plan for 1992-1997 carried out following UNCTAD VIII, the Board identified subprogrammes to be designated as having high priority. The Working Party on the Medium-term Plan and the Programme Budget would review revisions to the medium-term plan at its forthcoming (twenty-third) session scheduled for

20 to 24 June 1994, and the Board will subsequently decide on any changes in priority among subprogrammes as a result.

843rd plenary meeting
27 May 1994

Annex

Terms of reference of the Ad Hoc Working Groups

TERMS OF REFERENCE

1. Ad Hoc Working Group on Trade, Environment and Development

The Trade and Development Board,

Recalling General Assembly resolution 1995 (XIX) of 30 December 1964, as amended, and "A New Partnership for Development: the Cartagena Commitment", adopted at the eighth session of the United Nations Conference on Trade and Development, as well as paragraph 38.26 of Agenda 21 which recognizes that "UNCTAD should play an important role in the implementation of Agenda 21 ... taking into account the importance of the interrelationships between development, international trade and environment and in accordance with its mandate in the area of sustainable development",

Referring to Agenda 21, and particularly paragraph 2.21 which requests Governments to strive to make international trade and environmental policies mutually supportive in favour of sustainable development through relevant multilateral forums, including GATT (WTO) and UNCTAD,

Taking note that the Trade and Development Board, at the first part of its fortieth session, focused UNCTAD's role on policy analysis and debate, conceptual work, the building of consensus among member States on the interaction between environmental and trade policies, the dissemination of information to policy-makers and encouragement and provision of assistance in capacity-building,

Decides to establish an Ad Hoc Working Group on Trade, Environment and Development to examine, with a view to promoting sustainable development, the interlinkages between trade, environment and development and related policies, paying particular attention to the problems and special circumstances of the developing countries, including the least developed among them, with the following terms of reference:

1. To examine the effects of environmental policies, standards and regulations on market access and competitiveness, in particular of the developing countries, especially the least developed among them, and countries in transition, taking into account the financial and technological implications.

2. To identify and analyse emerging environmental policy instruments with a trade impact, bearing in mind the need for international cooperation towards ensuring transparency and coherence in making environmental and trade policies mutually supportive.

3. To explore the market opportunities and implications for exporters which may flow from the demand for "environmentally friendly" products, taking

into account the benefits and costs associated with reducing the negative environmental effects of production processes and consumption. The work of the Working Group will initially consider ways and means to define and certify environmentally friendly products.

4. To study eco-labelling and eco-certification schemes, and possibilities for international cooperation in this field, taking into account the trade and sustainable development interests of producing countries, particularly developing countries and countries in transition. The work of the Working Group will initially focus on:

(a) A comparative analysis of current and planned schemes, with a view to discussing concepts such as mutual recognition of eco-labels and equivalencies between environmental objectives and criteria;

(b) An examination of the possibilities for taking into account the interests of developing countries in the elaboration of eco-labelling criteria.

5. The Working Group should identify for consideration areas in which technical cooperation should be strengthened.

6. The work of the Working Group should be coordinated with that of other Committees and Working Groups, including the Standing Committee on Commodities.

7. The Working Group may recommend for the consideration of the Board the establishment of expert groups.

8. The work of the Working Group should complement that of other international bodies, while seeking to ensure that no duplication occurs. The Working Group should consider ways to promote interaction between UNCTAD and other intergovernmental and regional organizations working in this field, taking into account the relevant decisions of the second meeting of the Commission on Sustainable Development.

9. The Working Group shall complete its work before the ninth session of the Conference. It may submit interim reports and shall submit its final report on the results of its work to the Trade and Development Board.

10. The Working Group plans its work schedule according to established practice, bearing in mind the workload and the need to finish before the ninth session of the Conference.

TERMS OF REFERENCE

2. Ad Hoc Working Group on the Role of Enterprises in Development

Pursuant to General Assembly resolution 1995 (XIX) of 30 December 1964, as amended, and to "A New Partnership for Development: the Cartagena Commitment", adopted at the eighth session of the United Nations Conference on Trade and Development, the Trade and Development Board, having undertaken the mid-term review and evaluation of the work programme of the intergovernmental machinery of UNCTAD, called for by UNCTAD VIII, decides to establish an Ad Hoc Working Group on the Role of Enterprises in Development, with the following terms of reference:

1. The Ad Hoc Working Group should analyse the relationship between the development of a domestic entrepreneurial capacity, in particular for the development of small and medium-sized enterprises (SMEs), and the development process. Particular attention should be paid to the situation of the least developed countries.

2. Topics for analysis should cover:

(a) The role of the State in creating an enabling environment for the promotion of entrepreneurship and the viable development of enterprises, especially SMEs, with reference to the following topics:

- (i) Regulatory framework and incentives structures;
- (ii) Human resources development;
- (iii) Institution-building and institutional support;
- (iv) The informal sector and its integration into the formal economy;

(b) Interactions between the development of SMEs and of capital markets and banking systems:

- (i) Generation of domestic savings;
- (ii) Access to capital markets and other sources of financing;

(c) Export development and the role of SMEs giving due consideration to possible advantages arising from the globalization process;

(d) Identification of areas in which technical cooperation in support of policy development to enhance the role of SMEs could be strengthened.

3. The work of the Working Group should follow a progressive sequence in accordance with paragraphs 49 to 60 of the Cartagena Commitment. In line with what is set out in the Cartagena Commitment, particularly paragraphs 18 and 47, the Working Group should be inspired by the need to promote international consensus on principles and strategies for policy action at the national and international levels to enhance the development prospects of member States, particularly those of developing countries. It should provide a forum for the exchange of experiences among member States so as to enable them to draw appropriate lessons for the formulation and implementation of policies at the national and international levels and for international economic cooperation.

4. The work of the Working Group should be coordinated with that of other Committees and Working Groups.

5. The work of the Working Group should complement that of other international bodies while seeking to ensure that no duplication occurs.

6. The Working Group may recommend for the consideration of the Board the establishment of expert groups.

7. The Working Group may submit interim reports and shall submit a final report on the results of its work to the Trade and Development Board.

TERMS OF REFERENCE

3. Ad Hoc Working Group on Trading Opportunities in the New International Trading Context

Pursuant to General Assembly resolution 1995 (XIX) of 30 December 1964, as amended, and to "A New Partnership for Development: the Cartagena Commitment", adopted at the eighth session of the United Nations Conference on Trade and Development, the Trade and Development Board, having undertaken the mid-term review and evaluation of the work programme of the intergovernmental machinery of UNCTAD, called for by UNCTAD VIII, decides to establish an Ad Hoc Working Group on Trading Opportunities in the New International Trading Context, with the following terms of reference:

1. To identify new trading opportunities arising from the implementation of the Uruguay Round agreements, in particular sectors and markets, with a view to enhancing the ability of developing countries, in particular the least developed countries, and countries in transition concerned to take full advantage of such opportunities.

2. To enhance the understanding of the implications of the new rules deriving from the Uruguay Round agreements and their follow-up, and to identify where and how developing countries and economies in transition concerned could be assisted to:

(a) Make use of the special clauses of the Final Act providing differential and more favourable treatment;

(b) Implement and benefit from the commitments undertaken.

3. To analyse the modalities to give effect to the decision on special provisions for least developed countries as contained in the Final Act.

4. To identify areas in which technical cooperation should be strengthened.

5. The Working Group shall carry out its mandate under the guidance of the Trade and Development Board and shall take into account in particular the Board's in-depth analysis and assessment of the outcome of the Uruguay Round.

6. The work of the Working Group should complement that of other international bodies while seeking to ensure that no duplication occurs.

7. The Working Group may submit interim reports and shall submit a final report on the results of its work to the Trade and Development Board.

B. Other action

1. Establishment of a Preparatory Committee for the United Nations International Symposium on Trade Efficiency

5. At its 843rd (closing) plenary meeting, on 27 May 1994, the Trade and Development Board took note of the report of the Ad Hoc Working Group on Trade Efficiency on its third session 3/ and, pursuant to the recommendation therein, agreed to establish a Preparatory Committee for the United Nations International

Symposium on Trade Efficiency, which would meet from 27 June to 1 July 1994 with the possibility of meeting again, if required, for a week in early September 1994. The Board further agreed that the Bureau of the Ad Hoc Working Group should serve as the Bureau of the Preparatory Committee.

6. The Board further agreed that participation in the Symposium would be open to all States members of UNCTAD and to all interested observers in accordance with established practice.

2. Terms of reference of the Ad Hoc Working Group to Explore the Issue of Structural Adjustment for the Transition to Disarmament

7. At its 843rd (closing) plenary meeting, on 27 May 1994, the Trade and Development Board decided to mandate Mr. Gündüz Aktan (Turkey), in his capacity as President of the thirty-ninth session of the Board, to continue his consultations on this subject. Furthermore, the Board decided that the issue be inscribed on the agenda of the first part of the forty-first session of the Board as follows: "The issue of structural adjustment for the transition to disarmament".

Statement

8. The spokesman for the European Union (Greece) expressed the regret of the European Union that, notwithstanding the untiring efforts made by Mr. Aktan, there had once more been no consensus on this issue at the current session of the Board. It was the understanding of the European Union that the establishment of any Group had to be based on the consensus of the States members of UNCTAD. Finally, the European Union feared that the continuation of this exercise, which had now been going on for some two years, would have a negative impact on UNCTAD.

3. Status of the European Community in the Special Committee on Preferences

9. At its 843rd (closing) plenary meeting, on 27 May 1994, the Trade and Development Board, in view of the continuing consultations by the President, agreed that this question be placed on the agenda of the next executive session of the Board.

III. SUMMARY OF PROCEEDINGS

1. Review and evaluation of work programmes (mid-term)

(Agenda item 7)

10. For its consideration of this item, the Board had before it the following documents:

"Summary by the Officer-in-charge of UNCTAD of the work of the Mid-term Review Informal Working Group" (TD/B/40(2)/L.7)

"Technical cooperation: implementing the Cartagena Commitment" - report by Dame Margaret J. Anstee assisted by Mr. Leelananda de Silva, Independent Consultants to the Trade and Development Board (circulated to the Board under cover of a note by the Secretary-General of UNCTAD entitled "Policy review of technical cooperation" (TD/B/40(2)/14)).

11. In introducing his summary of the work of the Mid-term Review Informal Working Group (TD/B/40(2)/L.7), the Officer-in-charge of UNCTAD recalled that the fundamental tasks of the Working Group had comprised a review of the work programmes of UNCTAD intergovernmental bodies, including an assessment of the institutional reforms in Part III of the Cartagena Commitment, and a review of the structure of the intergovernmental machinery; and a policy review of UNCTAD technical cooperation programmes, on the basis of the report submitted by Dame Margaret Anstee. The aim of the work had been to integrate more effectively the various areas of UNCTAD's work and to prepare the ground for the adjustment of priorities among subprogrammes and activities in the context of the medium-term plan and the programme budget.

12. Highlighting the main points that were made in document TD/B/40(2)/L.7, the Officer-in-charge stated that structures and working methods established by UNCTAD VIII had largely fulfilled expectations. The exchange of national experiences and the ad hoc working group mechanism had been particularly valuable. At the same time, the following areas had been identified as offering scope for improvement and change:

(a) A streamlining of the structure of the subsidiary bodies of the Board and of working methods seemed necessary. In particular, it was felt that there should be fewer intergovernmental bodies and that these should have more focused mandates and be given more realistic and achievable objectives. There was also a need for fewer meetings, as well as for more manageable agendas and less documentation;

(b) Care needed to be taken to avoid duplication, both within UNCTAD and between the work of UNCTAD's intergovernmental bodies and that of other organizations. At the same time, it was recognized that scope existed for productive duplication/complementarity;

(c) Another problem requiring attention concerned the difficulties faced by some interested developing countries, and in particular LDCs, in participating in the work of UNCTAD's intergovernmental bodies;

(d) More attention needed to be given to the Cartagena Commitment's call for making the outcomes of intergovernmental deliberations more policy and

action-oriented, with a view to agreeing on implementable commitments whenever possible.

13. During the deliberations on the Trade and Development Board, the Working Group had discussed the issue of the frequency, duration and content of the meetings of the Board (TD/B/40(2)/L.7, para. 8). In this regard, it was generally agreed that the agenda items chosen for consideration by the Board should be more sharply focused (TD/B/40(2)/L.7, paras. 9-11).

14. With regard to the executive sessions of the Board, it was generally believed that the executive session remained a valuable mechanism although it had not fully lived up to expectations. It was generally agreed that modalities could be worked out to make optimal use of this mechanism (TD/B/40(2)/L.7, paras. 12-13).

15. On the Standing Committees, the Working Group felt that these Committees had not been able to carry out enough of their work programmes to allow for an in-depth review of their performance at this stage. In any case, the Cartagena Commitment called for such a review to be carried out immediately before UNCTAD IX. In the meantime, however, it was proposed that the agendas of the Standing Committees should be more focused and made to reflect clear priorities (TD/B/40(2)/L.7, paras. 15-16).

16. It was to the ad hoc working groups that the Informal Working Group had undoubtedly devoted the most attention. It was generally agreed that the five existing ad hoc working groups had addressed, albeit in varying degrees, all elements in their respective terms of reference and that they should be wound up.

17. In connection with the establishment of ad hoc working groups, the Officer-in-charge of UNCTAD recalled that the Trade and Development Board, by its decision 399 (XXXIX) of 9 October 1992, had established an Ad Hoc Working Group to Explore the Issue of Structural Adjustment for the Transition to Disarmament. Efforts to establish the terms of reference for this Group had not been successful. Should this situation continue to prevail at the current mid-term review, an alternative would be, in the light of paragraph 99 of the Cartagena Commitment, to place the issue of structural adjustment for the transition to disarmament and the implications for world economic growth and development on the agenda of a session of the Board.

18. In general, member States believed that the number of ad hoc working groups should be as limited as possible to permit expert, in-depth treatment of topics. It was therefore recommended that the Board consider the creation of no more than three other such groups. The discussions in the Working Group had revealed a substantial amount of support for three new ad hoc working groups focusing respectively on topics encompassed by the following three broad themes: environment, trade and development; enterprise as an instrument of development; and trading opportunities in the new international trade context. (See proposals of the Officer-in-Charge of UNCTAD in document TD/B/40(2)/L.7, annex I.)

19. Support had also been expressed for the holding of a seminar on regional economic arrangements and their relationship with the multilateral trading system.

20. With regard to trade efficiency, he recalled that the Ad Hoc Working Group on Trade Efficiency had recommended that the Board should, at the resumed

session, establish a Preparatory Committee for the United Nations International Symposium on Trade Efficiency (UNISTE). The Board might also consider convening an executive session immediately after UNISTE in order to decide on the intergovernmental follow-up to work in this field.

21. The Informal Working Group had also discussed the issue of the insertion of the Commission on Transnational Corporations and the Commission on Science and Technology for Development in the UNCTAD intergovernmental machinery, the policy review of technical cooperation, and financial and programme issues. These topics were elaborated upon in paragraphs 24 to 26 of document TD/B/40(2)/L.7.

22. In conclusion, the Officer-in-charge said that the mid-term review was arguably the most important task of the Trade and Development Board during that inter-Conference period. It was, to begin with, an exercise in stock-taking, a look backwards to assess how far the intergovernmental machinery had gone in fulfilling the goals and expectations embodied in the Cartagena Commitment, and what lessons - positive and negative - could be learned from the experience thus far. But, more important, it was an exercise in creative institutional change and adaptation, a forward-looking effort at devising and putting in place the intergovernmental structures and work programmes that would allow UNCTAD to keep pace with the changing world and to advance further down the road envisaged at Cartagena. The task was not simple, and in the following three days the Board would no doubt have to face some complex choices and search hard for acceptable compromises. The omens were good, however. Having had the honour of chairing the Informal Working Group, he believed that the work of the Informal Group had itself been a model of the kind of intergovernmental interaction envisaged at Cartagena: a frank but constructive dialogue; a businesslike effort at identifying issues and finding solutions; and a collective exercise in consensus building based on a perception of fundamental common interests together with a recognition of important, but bridgeable, differences. A good start had thus been made on the mid-term review. Once the Board had decided on the intergovernmental machinery that would be set up until the next Conference, the matter would not of course rest there. The task of putting the new machinery in place and making it work would no doubt involve complex choices and a search for acceptable compromises. But here again, he believed that the omens were equally good.

23. In introducing the independent consultants' report entitled "Technical cooperation: implementing the Cartagena Commitment" (TD/B/40(2)/14), Dame Margaret Anstee expressed her thanks for the cooperation which the consultants had received from government representatives and the staff of UNCTAD, the United Nations Development Programme (UNDP) and other international organizations. This had facilitated the completion of the report in the very short time and with the limited resources available.

24. The consultants had not had to begin their work with a tabula rasa, since UNCTAD VIII had set clear policy directives on the central role and main functions of UNCTAD's technical cooperation programme, to the effect that it was to be strengthened, expanded and integrated into all relevant areas of UNCTAD's work. The aim was to achieve a synergy between the policy and research functions on the one hand and operational and technical activities on the other. The task of the consultants had therefore been not to propose new policies but to make suggestions on how the Cartagena policy directives could be put into practice.

25. A full evaluation of the results and impact of UNCTAD's technical cooperation had not been possible in view of the limitations of time and money,

which had not permitted field visits. Nevertheless, an exhaustive review of past experience had been undertaken on the basis of views obtained from Governments of donor and recipient countries, UNDP Resident Representatives, secretariat staff and other individuals. By and large, UNCTAD's technical cooperation had enjoyed favourable reviews from all sides. The report did contain some critical comments, but these were constructive in nature and intended as a basis for the consultants' proposals for future improvements.

26. The basic premises of the report included adherence to the provisions of the Cartagena Commitment on technical cooperation, the need for a coherent technical cooperation policy, a sensible and pragmatic approach to management questions and institutional aspects (both internal or external) involving no major internal reorganization (leadership and attitudes were the most important factors) and the necessity of keeping costs down and avoiding additional charges to the regular budget. With regard to costs, the consultants were keenly aware of the limitations on resources and had therefore kept requirements as modest as possible. The accent in the report was on better use of existing resources and on finding new, innovative sources of funding.

27. Dame Anstee stated that while the main conclusions and recommendations were set forth in section VII, recommendations were scattered throughout the report. The latter were identified by bold type. She emphasized that most of the recommendations could be implemented at once since they did not involve a policy change requiring an intergovernmental decision.

28. Summarizing the main thrust of the recommendations, Dame Anstee said that a coherent technical cooperation policy should be developed by the UNCTAD secretariat within the policy framework already given by member States. Selectivity was essential for reasons of finance and impact, and in this light the report suggested that the following principles be taken into account:

- (a) Comparative advantage;
- (b) Complementarity;
- (c) Strategic and catalytic interventions;
- (d) Differentiation;
- (e) Focus on the poor, and on LDCs.

There should be greater emphasis on providing general policy advice. In this connection, there was a proposal for an inter-disciplinary "fire-fighting" capacity, using existing resources. This should not, however, mean abandoning assistance in procedural and operational improvements, areas in which UNCTAD had made a highly significant contribution to developing countries in recent years.

29. With regard to the management and institutional aspects, the proposals for cost-effective, innovative methods and modalities were not exhaustive. Above all, there was a need to foster such qualities as imagination and a cooperative spirit within house, and to adopt an experimental, pilot approach, learning by evaluation and experience. One should not attempt to do everything at once but a start must be made. In the area of training, for example, a nucleus should be developed at once to ensure a more structured approach to training, along the lines of TRAINFORTRADE and TRAINEX; the proposed Trade Development Institute could be a longer term objective.

30. Concerning the matter of internal organization, the report recommended modest strengthening of the Technical Cooperation Policy and Coordination Unit to promote greater cohesion without detracting from the benefits of decentralized management. There was also a proposal for a small internal technical cooperation committee.

31. Dame Anstee stated that, on the external front, UNDP was very important for policy dialogue and for the mobilization of resources, and she welcomed recent encouraging developments in this area. She was also happy to learn that conversations had already begun with the Executive-Director designate of the International Trade Centre UNCTAD/GATT on improved coordination mechanisms. As for the establishment of WTO, the implications for UNCTAD were considerable and went beyond the confines of technical cooperation. As indicated in the report, however, the consultants felt that this development would require a greater rather than a lesser role for UNCTAD in the sphere of technical cooperation. In particular, UNCTAD's technical cooperation would have to be adjusted and enhanced to meet the new demands in the following: conceptual definition and analysis; technical consensus building; and assistance to countries in the task of adjusting their domestic and external policies to bring them into conformity with new multilateral trading rules. She reiterated the hope that Governments, in further defining the role and functions of WTO, would avoid duplication and seek rather to develop the obvious complementarities between the two organizations, notably in technical cooperation. Finally, at the intergovernmental level, it was imperative that there be closer scrutiny of technical cooperation activities and more frequent policy review.

32. On the question of the mobilization and use of resources Dame Anstee stated that, given the underlying cost-limitation philosophy of the report, emphasis was placed on voluntary contributions. These could be modest in the beginning, but there was a real need for more predictability and flexibility. It was in this light that the report suggested the creation of a general trust fund, which could start on a pragmatic, experimental basis, encompassing both earmarked and non-earmarked funds. Proposals for non-traditional sources of funding included arrangements for recuperation of costs, self-financing, and reduction of management and administrative costs. A feasibility study for a self-financing consultancy firm to market UNCTAD services in certain fields was proposed. The report also stressed the importance of providing in-kind and intellectual forms of assistance.

33. Two facts remained incontrovertible if Governments meant to give force to the terms of the Cartagena Commitment. The first was that there would have to be greater financial synergy between the use of regular budgetary and extrabudgetary funds if optimum use was to be made of existing resources and if the desired conceptual synergy between policy analysis and technical cooperation was to be achieved. Secondly, in the long run, more funds would have to be found, from whatever source, if UNCTAD's technical cooperation was to be expanded.

34. In conclusion, Dame Anstee stated that the consultants had aimed to present practical, down-to-earth proposals on which implementation could begin immediately, on an incremental basis. It was essential that the current momentum should not be lost and action must be started immediately. Of the recommendations set out in paragraphs 115-140, the secretariat could take action on all the recommendations except those set forth in paragraphs 130, 132 (subpara. (c)) 136 and 138, which required prior decisions of the Board. She therefore looked forward to the immediate implementation of at least some

recommendations in order to enhance the effectiveness of UNCTAD's technical cooperation and its relevance and benefits to all member States.

35. The President said it was clear from the report of the Officer-in-Charge and the contents of document TD/B/40(2)/L.7 that considerable progress had been made and there was a widely emerging consensus on most issues which now needed to be finalized in the form of a decision by the Board, relating to the whole spectrum of the intergovernmental machinery of UNCTAD. He therefore urged delegations to move as quickly as possible away from general discussions and wide-ranging debates, and to focus their attention on agreed language that the Board could adopt in the form of recommendations and decisions in order to respond to paragraph 68 of the Cartagena Commitment. He also drew attention to the assessments that had been submitted by the presiding officers of standing committees and ad hoc working groups in response to his request. These had been circulated in a note for delegations.

36. The President thanked Dame Anstee for her very helpful and lucid statement. On behalf of all the members of the Board, he expressed appreciation to her and to her colleague Mr. Leelananda de Silva for the excellent report they had prepared on UNCTAD's technical cooperation programme. Technical cooperation was the practical side of UNCTAD that developing countries experienced at first hand. The report set out clearly some of the results and benefits of UNCTAD's technical cooperation and made suggestions and recommendations to strengthen that cooperation. It thus formed an important part of the current mid-term review of work programmes. He also expressed appreciation to those countries and organizations, including UNDP, which were supporting the trade and development efforts of developing countries and countries in transition, through the technical services and expertise of UNCTAD. Their support for this work testified to its usefulness and effectiveness.

37. According to the President, the consultants' report deserved the most careful consideration by the Board. As Dame Antsee had pointed out, some recommendations addressed issues which the secretariat itself could act upon, in the light of the outcome of the current review. Other recommendations were addressed to member States and might call for further reflection before a decision could be taken on how best to proceed. He encouraged delegations to advance their thinking on this matter as much as possible during the current session.

38. The representative of Finland, speaking in his capacity as Chairman of the Ad Hoc Working Group on Comparative Experiences with Privatization, stated that the Working Group had completed the tasks set for it in its terms of reference. The discussions, which had been open, constructive and pragmatic had been of great value in themselves and had been enriched by the participation of expert panellists. Annex I of the Final Report of the Working Group (TD/B/40(2)/21) would serve as an important checklist of pitfalls to be avoided in formulating privatization programmes. He also drew attention to paragraph 17 of the main document which set forth the Working Group's recommendations for further work by UNCTAD or other organizations. Referring to the form which future work in the area of privatization might take, he recognized that there was a need to group topics together in view of the resource constraints. He cautioned, however, against the danger of an overconcentration of diverse elements. It was in this light that he urged the deletion from paragraph 2 of the possible issues for the proposed ad hoc working group on enterprise as an instrument of development (TD/B/40(2)/L.7, annex I).

39. The representative of the United Nations Development Programme (UNDP) congratulated the consultants, Dame Margaret Anstee and Mr. Leelananda de Silva, for their thorough and well balanced review and evaluation of UNCTAD's work in technical cooperation. As UNDP had been a partner in many of UNCTAD's technical cooperation activities, the study was of considerable interest and value to UNDP itself. He noted with satisfaction that most of the programmes with which UNDP had been associated had received strong endorsement by participating Governments. He also noted, however, the call by consultants for a stronger contribution to human resources development, and a disaggregated approach to meeting the varying needs and demands of the developing countries.

40. UNDP was pleased to see that the report had taken a forward-looking approach. It analysed the changing external environment in which all technical cooperation programmes would operate in the future - change brought about by trade, investment, technology, communications and economic reform. It was a world in which the old East-West divide had broken down, and the North-South divide was shifting. Instead, one could see a new division of the world where fault lines would lie as much within nations as between them. It should not be forgotten, however, that more than 1 billion people were excluded from the economic mainstream, trapped in poverty. For them the world had not changed at all.

41. Faced with change and the need to bring about change, UNDP had also engaged in a process of reflection and redefinition. The Administrator had launched a policy dialogue with members of the UNDP Executive Board, the agencies of the United Nations system and the staff itself on the future directions and goals of UNDP. This was an ongoing process, and the next step would be taken in 10 days' time at the annual session of the UNDP Executive Board.

42. Already, however, certain of the main elements of this process were becoming clear. In the first place, there appeared to be an emerging consensus that UNDP must focus its energies and concentrate its resources on a limited number of critical programme areas. In a period of stagnant or declining resources, when development aid was increasingly questioned as to its effectiveness and impact, it was necessary to reassess UNDP's role in technical cooperation and within the United Nations system. While UNDP's universality was not in question, the greater part of its resources would be channelled towards the poorer countries. Furthermore, the main theme for UNDP in the future would probably centre on the concept of sustainable human development. By this was meant support for policies that put people at the centre of development. The UNDP Administrator had summed up this concept in a graphic phrase in calling for a pattern and practice of development that was "pro-poor, pro-jobs, pro-women and pro-nature".

43. These were cross-cutting themes that went beyond the traditional, sectoral structures which had been the organizing principle of UNDP's technical cooperation in the past. To respond to them, UNDP would have to find new ways of working both with its country partners and with the United Nations system. Encouraged by the provisions of General Assembly resolution 47/199, a new paradigm of United Nations technical cooperation was emerging in which:

(a) There was a shift away from large numbers of small projects towards a smaller number of focused programmes;

(b) United Nations assistance was being re-positioned to deal more with policy work and less with project execution;

(c) National partners were taking on more project implementation themselves.

Another important innovation in Assembly resolution 47/199 was the provision for United Nations country strategy notes. It was the responsibility of Governments to set national priorities and to ensure coordination among its development partners. Nevertheless, the General Assembly had encouraged the United Nations system to seek greater coherence and coordination in its operational activities in the context of the country strategy note, if the host Government so wished. This was where the policy dimension of UNCTAD's work could be brought into play at the country level. UNDP would encourage the resident coordinators in those countries which had opted to prepare country strategy notes to use UNCTAD's substantive knowledge and analytical skills in this process.

44. According to the United Nations Development Programme representative, at the global level, UNDP was renewing its dialogue with its partners in the United Nations system around the themes that he had mentioned. For that purpose, joint working groups had been established with various United Nations agencies, and UNDP was exploring with UNCTAD the possibility of creating an UNCTAD/UNDP group. The Administrator attached great importance to those initiatives and would propose to the Executive Board, in June, a new set of measures designed to strengthen the technical support facility and to provide financial support to UNDP's substantive partnership with the agencies. His proposal would include the establishment of a new technical support facility for the smaller agencies.

45. He was of the opinion that UNCTAD and UNDP could cooperate to help make a success of this new paradigm of technical cooperation. UNCTAD had the analytical skills and policy capacity that complemented UNDP's experience in operations management and country-based programming. These comparative advantages could be brought together in support of sustainable human development. Poverty, trade, environment and economic management were a nexus of issues that were of fundamental interest to the member countries of both UNCTAD and UNDP. Sustainable human development was not an exclusive mandate of UNDP. It was a concept that could give a sense of cohesion and meaning to the overall United Nations development mission. As such, it was larger than the sum of UNDP's resources. UNDP looked forward, therefore, to continuing its dialogue with UNCTAD on future directions for joint ventures in technical cooperation. The report of consultants and this policy review would be an important ingredient in that process.

46. The Officer-in-charge of the International Trade Centre (ITC) of UNCTAD/GATT expressed the appreciation of ITC to the two consultants for a most interesting and constructive report, which would greatly facilitate discussion at a critical time for considering priorities for technical cooperation in trade policy issues by UNCTAD. ITC had had the benefit of a detailed meeting with both Dame Margaret Anstee and Mr. de Silva, and was pleased to see that its views had been taken into account in their report.

47. The last few years had seen dramatic changes in the world economy, with major increases in merchandise trade, commercial services and foreign direct investment: when taken together with the economic reform programmes in many countries and notably in economies in transition, it was clear that the foreign trade sector had become central to the development process in every country. Similarly, the successful completion of the Uruguay Round had created an international trade environment which offered many opportunities but also challenges to developing countries.

48. Comments by ITC on the report referred both to the conclusions by the consultants and, in a general way, to their recommendations. Paragraph 123 referred to collaboration between UNCTAD and ITC in technical cooperation programmes and projects. The Officer-in-charge was pleased to confirm that, apart from the extensive and continuing informal day-to-day dialogue between staff members of the two organizations, there were a number of technical cooperation projects carried out jointly at country, regional and interregional levels for which the mandates, experience and comparative advantages of both organizations were judged to be complementary. Similarly, ITC had made substantial contributions to UNCTAD's ad hoc working groups and to specific programmes, such as trade efficiency, TRAINFORTRADE and ASYCUDA. ITC would be happy to increase the amount of such joint project development and implementation. With the move of UNDP projects towards national execution and the UNDP programme approach, however, it was essentially the Governments that would decide which agencies would be invited to implement programmes and projects at regional and country level.

49. Referring to the proposals made by the consultants in paragraph 97 that, once a new Executive Director of ITC was appointed, it would be essential to establish a better mechanism for dialogue on policy and also a clearer division of labour between UNCTAD and ITC, the Resident Representative stated that the newly appointed Executive Director wished to inform the Board that he would give high priority to the review of the recommendations made by the consultants, bearing in mind the respective mandates of ITC and UNCTAD. In this connection, he recalled that, at the last session of the Joint Advisory Group (JAG), a proposal had been made for undertaking a major review of ITC's mandate, financial and personnel situation, general structure and its relation with the parent bodies. After a lengthy discussion it had been agreed that the JAG bureau would initiate informal consultations at an appropriate time on the terms of reference and timing of this review. These consultations would take place immediately after the assumption of functions of the new Executive Director in mid-June 1994. The review itself would provide a good opportunity for discussing some of the recommendations made by the consultants in their report, including the appropriate division of labour between ITC and its parent organizations.

2. Action by the Board

50. At its 843rd (closing) meeting, on 27 May 1994, the Board adopted without amendment the draft conclusions and decisions on the mid-term review circulated in document TD/B/40(2)/L.9. (For the final text, see part two, section II.A of the present report.)

51. In accordance with paragraphs 16 and 20 of conclusions and decisions 415 (XL), the Board decided to wind up the five existing ad hoc working groups and to establish the following three new ad hoc working groups:

- (a) Ad Hoc Working Group on Trade, Environment and Development;
- (b) Ad Hoc Working Group on the Role of Enterprises in Development;
- (c) Ad Hoc Working Group on Trading Opportunities in the New International Trading Context.

The annex to the conclusions and decisions sets out the terms of reference for the above working groups.

IV. PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL,
ADMINISTRATIVE AND RELATED MATTERS

A. Opening of the session

52. The resumed second part of the fortieth session of the Trade and Development Board was opened by Mr. Al Sherif Fawaz Al Sharaf (Jordan), President of the Board at its fortieth session. (For the opening remarks made by the President, see introduction.)

B. Bureau of the Board

53. There being no change in the elected officers for the fortieth session, the Bureau of the Board at the resumed second part of its fortieth session was as follows:

President: Mr. Al Sherif Fawaz Al Sharaf (Jordan)

Vice-Presidents: Mr. Yuri Afanassiev (Russian Federation)
Mr. Satish Chandra (India)
Mr. Mohamed Ennaceur (Tunisia)
Mr. Ioannis Kinnas (Greece)
Mr. Shohei Naito (Japan)
Mr. Richard A. Pierce (Jamaica)
Mr. A. Pinoargote-Cevallos (Ecuador)
Mr. Clarke Rodgers Jr. (United States of America)
Mr. Ali Ahmed Sahloul (Sudan)
Mr. Zdenek Venera (Czech Republic)

Rapporteur: Mr. Marcel C.P. Van der Kolk (Netherlands)

C. Agenda and organization of the work
of the session 4/

54. The resumed second part of the fortieth session of the Board was convened to deal mainly with item 7 of the agenda of its second part, which read as follows:

7. Review and evaluation of work programmes (mid-term).

55. At its 842nd (opening) plenary meeting, on 25 May 1994, the Board endorsed the schedule of meetings for its resumed session circulated by the secretariat. In accordance with that schedule, the Board held two plenary meetings - the opening and closing meetings - and a number of informal meetings.

D. Provisional agendas for the first part of the
forty-first session and the next executive
session of the Board

56. In the light of the action taken by the Board at its 843rd (closing) plenary meeting, on 27 May 1994, in relation to terms of reference for the Ad Hoc Working Group to Explore the Issue of Structural Adjustment for the Transition to Disarmament (part two, sect. II.B.2 of the present report), the

Board decided to add the following new item to the provisional agenda for the first part of its forty-first session, which had been approved at its 841st plenary meeting on 29 April 1994:

"The issue of structural adjustment for the transition to disarmament".*

57. At the same meeting, in the light of the action taken by the Board, see part two, section II.B.3 above, the Board decided to add the following item to the provisional agenda for the next executive session:

"Status of the European Community in the Special Committee on Preferences".

E. Review of the calendar of meetings

58. Also at its 843rd plenary meeting, the Board reconfirmed its approval of the calendar of meetings (TD/B/40(2)/INF.2) with the addition of two meetings, namely, the twenty-third session of the Working Party on the Medium-Term Plan and Programme Budget (20-24 June 1994) and the Preparatory Committee for the United Nations International Symposium on Trade Efficiency (27 June-1 July 1994), with the possibility of a further meeting of the Preparatory Committee in early September 1994 if necessary.

59. The Board noted also that it was the intention of the UNCTAD secretariat to convene a meeting of the Calendar Group to make proposals to the next round of consultations of the Secretary-General of UNCTAD for the timing of the three new ad hoc working groups that had recently been established.

F. Adoption of the report of the Board

60. At its 843rd (closing) plenary meeting, on 27 May 1994, the Board adopted the draft report on the resumed second part of its fortieth session (TD/B/40(2)/L.8), authorizing the Rapporteur to complete the final report as appropriate and to incorporate any amendments submitted by delegations. The final report, prepared by the Rapporteur under the authority of the President, is to be submitted to the United Nations General Assembly.

* For the revised provisional agenda for the first part of the forty-first session, see annex I below.

Notes

1/ See Proceedings of the United Nations Conference on Trade and Development, Eighth Session, Reports and Annexes (TD/1364/Rev.1) (United Nations publication, Sales No. E.93.II.D.5), part one, Sect. A.

2/ Initially circulated in document TD/B/40(2)/L.9.

3/ Originally circulated under the cover of document TD/B/40(2)/L.5. Subsequently issued in final form as document TD/B/40(2)/25-TD/B/WG.2/13.

4/ For the full agenda of the second part of the fortieth session of the Board, see document TD/B/40(2)/24 (Vol. I), annex. I.

5/ Subsequently issued in final form as document TD/B/40(2)/25-TD/B/WG.2/13.

ANNEX I

Provisional agenda for the first part of the forty-first
session of the Trade and Development Board*

1. Procedural matters:
 - (a) Election of officers;
 - (b) Adoption of the agenda and organization of the work of the session;
 - (c) Adoption of the report on credentials;
 - (d) Provisional agenda for the second part of the forty-first session of the Board;
 - (e) Provisional agenda for the pre-session executive session of the Board (spring 1995).
2. International implications of macroeconomic policies and issues concerning interdependence: elements of successful growth and adjustment strategies.
3. Follow-up to the recommendations of the Conference at its eighth session:

[To be completed in the light of developments]
4. Sustainable development: trade and environment - the impact of environment-related policies on export competitiveness and market access.
5. Analysis and assessment of the outcome of the Uruguay Round, in particular in areas of concern to developing countries and economies in transition concerned, and its impact on the international trading system and problems of implementation.
6. Celebration of the thirtieth anniversary of UNCTAD.
7. UNCTAD's assistance to the Palestinian people.
8. Other matters in the field of trade and development:
 - (a) Progressive development of the law of international trade: twenty-sixth annual report of the United Nations Commission on International Trade Law;
 - (b) United Nations International Symposium on Trade Efficiency;
 - (c) The issue of structural adjustment for the transition to disarmament:

[To be completed in the light of developments]

* Originally approved by the Board at its 841st plenary meeting, on 29 April 1994, this provisional agenda was revised in the light of the outcome of the mid-term review at the resumed session of the Board (25-27 May 1994) to include an additional item (item 8 (c)).

9. Institutional, organizational, administrative and related matters:
 - (a) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;
 - (b) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board;
 - (c) Review of the calendar of meetings;
 - (d) Administrative and financial implications of the actions of the Board.
10. Other business.
11. Adoption of the report of the Board.

ANNEX II

Membership and attendance*

1. The following States members of UNCTAD, members of the Board, were represented at the session:

Algeria	Malaysia
Argentina	Malta
Australia	Mexico
Austria	Morocco
Bangladesh	Nepal
Belgium	Netherlands
Bhutan	Norway
Brazil	Oman
Bulgaria	Panama
Cameroon	Paraguay
Chile	Peru
China	Poland
Colombia	Portugal
Côte d'Ivoire	Qatar
Cuba	Romania
Czech Republic	Russian Federation
Denmark	Senegal
Ecuador	Singapore
Egypt	Slovakia
Ethiopia	Spain
Finland	Sri Lanka
France	Sudan
Germany	Sweden
Ghana	Switzerland
Greece	Syrian Arab Republic
Hungary	Thailand
India	Trinidad and Tobago
Indonesia	Tunisia
Iran (Islamic Republic of)	Turkey
Iraq	Ukraine
Ireland	United Kingdom of Great Britain and Northern Ireland
Israel	United Republic of Tanzania
Italy	United States of America
Jamaica	Uruguay
Japan	Venezuela
Jordan	Yemen
Liberia	Zambia
Libyan Arab Jamahiriya	Zimbabwe
Luxembourg	
Madagascar	

* For the list of participants, see document TD/B/40(2)/INF.4.

2. The following other States members of UNCTAD, not members of the Board, were represented as observers at the session:

Brunei Darussalam
Djibouti

3. The International Trade Centre UNCTAD/GATT was represented at the session.

4. The following specialized and related agencies were represented at the session:

Food and Agriculture Organization of the United Nations
United Nations Educational, Scientific and Cultural Organization
International Monetary Fund

The General Agreement on Tariffs and Trade was also represented.

5. The following intergovernmental organizations were represented at the session:

European Community
League of Arab States
Organization of African Unity

6. The following non-governmental organization was represented at the session:

General Category:

World Federation of United Nations Associations