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Item 2 of the provisional agenda

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ANNOTATIONS TO THE PROVISIONAL AGENDA

Introduction

1. The Conference, at its tenth session, held from 12 to 19 February 2000 in Bangkok (Thailand), in considering the issue of UNCTAD's intergovernmental machinery, welcomed the document prepared by the UNCTAD secretariat entitled "Improving the functioning and the structure of the intergovernmental machinery of UNCTAD" (reissued in TD/B/EX(24)/L.1). The purpose behind the recommendations contained in that document was *inter alia* to enhance the status of the Commissions as policy-formulating organs and to strengthen the substantive linkages between expert meetings and Commissions. It was recommended that the Commissions' work should be informed by the technical advice of the experts, that the Commissions should place the results of expert meetings within the appropriate policy context and framework, and that, on the basis of the expert reports and their own policy dialogue, the Commissions should make recommendations on actions to be taken by member States, UNCTAD or other bodies.

2. To this end, the Commission will have before it the reports of the expert meetings held during the previous months, as well as documentation prepared by the secretariat identifying, and commenting on, the policy questions posed by the expert reports for discussion by the Commission. In this connection, the outcomes of the expert meetings were circulated by the secretariat to member States with a request for policy comments on the experts' recommendations. The task of the Commission is to conduct policy dialogue and make policy recommendations on the outcome of the expert meetings, taking into account the views from the capitals.

Item 1 - Election of officers

3. In accordance with rule 18 of the rules of procedure of the main Commissions of the Trade and Development Board, the Commission shall elect a Chairperson, five Vice-Chairpersons and a Rapporteur from among the representatives of its members, taking into account the need to ensure equitable geographical distribution. Moreover, rule 19 of the rules of procedure states that the Bureau of the Commission shall consist of seven members (i.e. four members from Lists A and C combined, two members from List B and one member from List D, referred to in the annex to General Assembly resolution 1995 (XIX) as amended).

4. Accordingly, following the cycle of rotation established after UNCTAD IX, the bureau for the sixth session of the Commission will be as follows: Chairperson from List C (Latin America); Rapporteur from List B; and five Vice-Chairpersons (3 from lists A and C combined, 1 from List B and 1 from List D).

Item 2 - Adoption of the agenda and organization of work

5. The sixth session of the Commission is scheduled for 18-22 February 2002. As at the closing plenary of its fifth session, on 26 January 2001, the Commission had not approved the provisional agenda for its sixth session, the Secretariat was requested to draw this up in accordance with standard practices and in close collaboration with the regional groups.

6. With regard to the organization of the work of the session, the Commission has four days available to it. It is suggested that the agenda items be taken up sequentially, with the first plenary meeting, on Monday, 18 February, being devoted to procedural matters and introductory statements.

7. The secretariat will prepare a detailed programme, which will be available on the first day of the session.

Documentation

TD/B/COM.3/41

Provisional agenda and annotations

Item 3 - Electronic commerce and international transport services: Best practices for enhancing the competitiveness of developing countries

8. The Expert Meeting on Electronic Commerce and International Transport Services: Best practices for Enhancing the Competitiveness of Developing Countries was convened in Geneva from 26 to 28 September 2001. Approximately 80 experts representing many of the players in international trade and transport discussed the impact of electronic commerce on international transport services, including economic, operational, legal and documentary aspects. To facilitate the discussions of the Meeting, the secretariat prepared a report on "Electronic commerce and international transport services" (TD/B/COM.3/EM.12/2) that reviewed the crucial issues relating to the wider use of electronic means of communication in international trade and transport services.

9. The report of the Expert Meeting is contained in document TD/B/COM.3/38 – TD/B/COM.3/EM.12/3. The Meeting provided an excellent occasion for taking stock of commercial, operational and legal developments at the national, regional and international level. The deliberations resulted in an agreed set of recommendations for national Governments, enterprises, the international community and UNCTAD.

10. With a view to assisting the Commission in its consideration of the policy issues that were examined by the Experts, the secretariat has prepared a note entitled "Electronic commerce and international transport services: Enhancing the competitiveness of developing countries" (TD/B/COM.3/42). Of critical importance is the availability of transport and telecommunication infrastructure, and Governments are encouraged to implement policies that give priority to both public and private

investment. At the same time Governments need to ensure that transport infrastructure development is coordinated and appropriate for national and regional requirements. Efficient transport services linked to information and communication technology are a crucial sector for trade-based development processes. The development of port community systems linking Governments, customs, port authorities, port communities and transport operators would facilitate the electronic exchange of information amongst traders, service providers and administrations and thus reduce transaction costs and time.

11. Most existing national laws and international conventions governing transport did not recognize electronic means of communications and electronic transport documents, and thus Governments were urged to examine their existing legal infrastructure to streamline and adapt it to the requirements of electronic transactions. Governments were also encouraged to simplify administrative regulations and practices, in particular customs procedures, to facilitate electronic commerce and transport operations.

Item 4 - Improving the competitiveness of SMEs in developing countries: Role of finance, including e-finance, to enhance enterprise development

12. The UNCTAD Expert Meeting on Improving the Competitiveness of SMEs in Developing Countries: Role of Finance, including E-Finance, to Enhance Enterprise Development was held in Geneva from 22 to 24 October 2001, with more than 120 experts attending it. The UNCTAD secretariat prepared an issues paper entitled "Finance and e-finance for SMEs as a means to enhance their operations and competitiveness" (TD/B/COM.3/EM.13/2), as well as two more detailed background papers: "Best practices in financial innovations for SMEs (UNCTAD/DITE/TEB/Misc.1); and "E-finance and small and medium-size enterprises in developing and transition economies" (UNCTAD/SDTE/Misc.48).

13. Experts from both developing and developed countries exchanged views, made presentations and submitted over 50 papers covering a wide range of issues related to SMEs' access to finance and e-finance (the papers on e-finance are available on the Electronic Commerce Branch web site www.unctad.org/ecommerce). The report of the Expert Meeting (TD/B/COM.3/39; TD/B/COM.3/EM.13/3) contains an account of the discussions of the experts and the outcome of the Meeting, identifying the main issues of access to finance and e-finance for SMEs and recommending to Governments, the private sector, NGOs, international organizations and in particular UNCTAD to undertake relevant measures addressing these issues.

14. To expedite the substantive discussions of the Commission on the above topic the UNCTAD secretariat has prepared a note entitled "Improving SME competitiveness: Access to finance and e-finance" (TD/B/COM.3/43), which identifies and comments on the main policy questions posed by the above Expert Meeting for the consideration of the Commission. It highlights recommendations for Governments, the private sector and international organizations and suggests

UNCTAD's future work in the area of research, best practices dissemination and other measures facilitating financing and e-financing for SMEs.

15. In the area of finance, it was proposed to adapt the best practices of the developed countries in SME financing to developing and transition economies. Other proposals included: introducing innovative modes of financing, including equity and especially venture capital funds, leasing, credit insurance, mutual guarantee schemes etc; linking the development of financial services with business development services; developing debt swaps within existing aid budgets; improving financial service providers' ability to use modern credit risk management techniques; and adapting prudential supervision to SMEs' needs for finance.

16. In the area of e-finance, it was recommended to embrace the opportunities for cost savings, higher speed and other efficiency gains in financial services introduced by the Internet, in particular in the area of Internet banking e-payments, e-trade finance, e-credit information, etc. Modern Internet-based data-mining techniques permit rapid SME-related credit risk appraisal and hence might improve SMEs' access to finance. Other proposals included: encouraging local financial service providers' participation in local, regional and global e-finance platforms, assisting SMEs to learn how to pay or get paid online, getting e-credits and entering into other e-finance arrangements; and encouraging IFIs to make SMEs access to e-finance an important part of their strategies.

17. The Expert Meeting recommended to the Commission to consider the possibility of further developing themes for the next two years and convening similar expert meetings to develop a coherent approach to SME finance, e-finance and non-financial business support services, taking into consideration the work of other agencies, in order to contribute to the effectiveness of UNCTAD's research, intergovernmental discussions and technical cooperation and ultimately to a positive outcome of UNCTAD XI.

Item 5 - Mainstreaming gender in order to promote opportunities

18. The outcome of the Expert Meeting on this topic is contained in the report of the Meeting (TD/B/COM.3/40). In addition, the secretariat has prepared a note intended to assist the Commission in its deliberations on this issue (TD/B/COM.3/44).

19. Mainstreaming gender is a cross-sectoral issue and requires a holistic approach from all development actors. The urgency of remedying legal and administrative problems which hinder the realization of equal opportunities for men and women was emphasized in respect of policy making in the key areas of UNCTAD's mandate. The specific recommendations addressed to UNCTAD and the international community at large reflect the Meeting's determination to apply gender perspectives widely in UNCTAD's substantive work. For instance, UNCTAD was asked to support various technical assistance initiatives for the support of women in capacity-building. The

need for improved sex-disaggregated statistics and data and for policy-relevant gender and development studies was considered essential.

20. In the area of FDI, it was suggested that UNCTAD could contribute to identifying opportunities for gender equality by undertaking analysis of both the direct and the indirect gender impact of FDI in host countries, as well as examining subcontracting practices of TNCs.

21. In the area of mainstreaming gender in ICT policy, experts concluded that given the public goods nature of knowledge and the Internet, it was important that Governments ensure rapid, equitable and affordable access to the Internet and ICT for women. They also stressed the importance of enhancing the number of women in the IT industry and supporting organizations and grassroots groups involved in assisting women with access and use of the Internet and ICT. The experts identified a number of activities that UNCTAD and the international community should undertake, including the mainstreaming of gender in their work on ICT and e-commerce, carrying out analytical and case-study-based work on the subject, and collaborating with Governments and the private sector to incorporate the gender dimension into policy dialogue and decision making.

Item 6 - Progress report on the implementation of the agreed recommendations of the commission at its fifth session

22. The note on “Improving the functioning and the structure of the intergovernmental machinery of UNCTAD” (TD/EX(24)/L.1), re-endorsed by the Board at its twenty-sixth executive session on 10 April 2001, states: “Starting with the second session of each Commission, the fifth day of the session will be used for policy reviews of implementation by member States and the secretariat of the outcome of previous sessions, on the basis of documentation produced by the secretariat.”

23. With regard to the implementation of the outcome of the fifth session of the Commission by the secretariat, the secretariat will provide the Commission with a report on its activities in that connection. Concerning implementation by member States, those member States wishing to do so will have an opportunity to present their experience to the Commission.

24. The attention of the Commission is also drawn to the decision adopted by the Trade and Development Board at its twenty-fourth executive session on 12 May 2000 by which the Trade and Development Board decided *inter alia* to “conduct in the second quarter of the year 2002 a mid-term review of the work of UNCTAD, based on the indicators of achievement agreed to in the medium-term plan (2002-2005)”. The Commission’s attention is drawn in particular to indicator (b) from the Medium-term-Plan 2002-2005, which comprises “Member States views on the practical value and impact on the development prospects of developing countries of policy recommendations, as expressed in the conclusions of the regular review of the work

undertaken by intergovernmental bodies". The views and conclusions of the Commission under this topic will therefore serve as inputs to the mid-term review.

25. In this context the UNCTAD secretariat has prepared a progress report (TD/B/COM.3/45) consisting of three parts. The first part of the document is entitled: "Capacity-building in electronic commerce: impact of the new economy on traditional sectors of developing countries: Electronic commerce and tourism." It describes the progress made in implementing the recommendations addressed to UNCTAD on capacity-building in electronic commerce. In accordance with the recommendations, the secretariat undertook a variety of activities aimed at promoting e-tourism and e-commerce in general in developing countries. These covered various aspects of e-commerce and the application of information and communication technologies (ICTs) to e-commerce, particularly with regard to e-finance, regulatory and legal issues and transportation. These activities were undertaken through studies, seminars, workshops and publications.

26. The second part of the document is entitled: "Enhancing the competitiveness of SMEs in the context of FDI in developing countries: Relationships between SMEs and TNCs to ensure the competitiveness of SMEs." It describes the various activities undertaken by the UNCTAD secretariat to stimulate SME-TNC linkages, such as the dissemination of best practices, the preparation and provision of technical assistance through various programmes, including EMPRETEC, and its research activities. The report also provides information on the various responses received from Governments regarding the recommendations made at the Commission.

27. The third part of the document is entitled: "Human resources development and training in trade-supporting services: Key to growth with special potential for LDCs." It outlines the activities undertaken by the secretariat with a view to implementing the agreed recommendations in this field. It describes actions taken to promote awareness and disseminate best practices, to integrate distance-learning techniques, to reinforce training of trainers programmes, and to provide assistance, particularly to LDCs, in the field of human resources development.

Item 7 - Provisional agenda for the seventh session of the Commission

28. A draft provisional agenda for the seventh session of the Commission will be submitted for consideration and approval.

Item 8 - Other business

Item 9 - Adoption of the report of Commission to the Trade and Development Board

29. The report of the Commission will be adopted at its final plenary meeting and submitted to the Trade and Development Board for consideration.