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UNCTAD AND DEVELOPMENT: THE WAY FORWARD

Issues note by the UNCTAD secretariat[1]

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[1] This document was submitted on the above-mentioned date as a result of processing delays.

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I. INTRODUCTION

1. The São Paulo Consensus (SPC) mandates that a mid-term review should be conducted by the Trade and Development Board in 2006 (paragraph 9). Two previous meetings of the 23rd Special Session have already been convened for the purpose of conducting the review, on 8-11 May and 12-16 June 2006. The report of the first meeting is contained in UNCTAD document TD/B(S-XXIII)/4, and the Agreed Outcome of the June meeting is contained in UNCTAD document TD/B(S-XXIII)/L.4 of 16 June 2006.

2. The third part of the review, to be held on 3-10 October 2006 is intended to complete the review process. It has also been agreed that this would take the form of a high-level policy dialogue on globalization for development, coherence between national development strategies and international economic processes, and UNCTAD, UN reform and development. The present document is intended to facilitate discussions among member States by raising a number of critical issues that might be addressed during the policy dialogue.[2]

II. GLOBALIZATION FOR DEVELOPMENT

Background

3. Increased globalization has raised complex challenges as to how to achieve broad-based development, in particular to benefit the poor. It is now widely recognized that integration in the world economy can bring many benefits and challenges for developing countries, while the shape, direction and pace of the integration process can be influenced by policy decisions at the national and international levels. Globalization opens up opportunities for beneficial integration into the world economy, but it also poses challenges for many governments striving to improve the lot of their peoples. Among the more significant challenges today revolve around questions such as how to lift productive capacities in a sustainable way, how to diversify production away from commodities to offset declining terms of trade, how to meet growing energy needs, and how to exploit advances in science and technology to accelerate development.

4. In recent years, there have been some important development gains from an improved external environment. There has been some progress in market access opportunities; relative stability in financial markets; increased FDI, ODA and remittances; and higher commodity prices. This progress can be attributed to specific policy changes, improved economic management and conjunctural developments. Major markets, including in China and India, have provided an engine of growth from which the rest of the world has benefited. High commodity prices, driven by surging demand, have provided windfall gains that have benefited many developing countries, including the LDCs.

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[2] Apart from the report of the first part of the Mid-term Review and the Agreed Outcome of the second part, member States may also find it useful to refer to the documentation for those parts of the review, TD/B(S-XXIII)/2 and addenda and TD/B/(SXXIII)/32, UNCTAD's annual reports for 2004 and 2005, and the Trade and Development Report 2006.

5. Trading opportunities for developing countries have improved as a result of trade negotiations at the multilateral, regional and bilateral levels, as well as unilateral liberalization in other developing markets. Since the conclusion of the Uruguay Round, in particular, there have been also a number of efforts to improve market access conditions, especially for LDCs, for example in the context of non-reciprocal preferential arrangements such as the EU's Everything But Arms (EBA) initiative and the US African Growth and Opportunities Act (AGOA). As a consequence of these various policy developments and a favourable international economic environment, developing countries' share in world trade has grown substantially has risen from 24.3 per cent in 1990 to 33.5 per cent in 2004. South-South trade has also intensified in recent years.

6. Despite these positive developments, not all countries have benefited equally and some of the poorest countries remain marginalized. To some extent, this is due to a number of constraints that prevent trade from delivering a development outcome. These constraints include a number of market access and market entry barriers, in particular the increased use of non-tariff measures, such as SPS/TBT measures and anti-dumping actions. However, there are also serious supply-side constraints facing developing countries, especially the LDCs, as they seek to lift their productive capacities and exploit external market opportunities. The supply-side constraints are extensive and include, among others: weak institutions; burdensome administrative and legal processes; poor trade-related physical infrastructure; high costs of capital, transport and other inputs to production and trade; and low productivity; Actions to address these constraints – for example, by using "aid for trade" – have to be tailored to specific needs, taking due account of initial differences in resource endowments, competitiveness and levels of infrastructure development.

7. Above all, addressing the supply-side constraints entails increasing the resources available for developing countries, including through: (i) debt reduction; (ii) increased aid flows; (iii) remittances; and (iv) investment, as discussed below.

8. Debt. Lifting the external debt burden of developing countries may be one of the most important first steps in improving the availability of resources for development, including liberating national funds for investment. Already, the HIPC initiative and bilateral debt relief, as well as improved economic conditions, have alleviated the debt burden in recent years. Some 10 years after the launch of the HIPC initiative 29 of the 42 eligible countries have qualified for interim debt relief, although only 19 have qualified for the full debt relief possible under the initiative. More effort is needed at the national and international levels to implement debt relief initiatives.

9. Aid. ODA flows have been increasing in recent years, and there are some important changes in the way aid is targeted and coordinated, although some observers remain sceptical about the seriousness aid commitments and the way it is channelled. There is a need for a substantial lifting of aid flows, as recognized by the G8 meeting in Gleneagles. It is particularly important that newly-pledged ODA increases are additional to ongoing commitments, not least in order to ensure that the debt burden is sustainable and that additional financing, particularly for social and humanitarian purposes, take the form of grants.

10. Aid for Trade. At their recent meeting in St Petersburg, the G8 Heads of State also underscored the importance of aid for trade and trade capacity building. Such assistance can help developing countries to build the supply capacity they need to take advantage of improvements in market access opportunities. This should take place independent of trade

negotiations and with a long-term perspective. However, the framework for aid for trade and the role of national and international agencies still remain to be determined. In this regard, given its experience in the delivery of trade-related technical cooperation, UNCTAD is well-placed to make a positive contribution to the design and delivery of aid for trade.

11. Remittances. Workers' remittances, as a result of migration and temporary movement of labour, have become a major source of foreign exchange for many developing countries, and as such they can make a difference to development. It has also been estimated that opening up more opportunities for the temporary movement of labour ("Mode 4" in the WTO GATS talks) could lift global welfare by some $150-200 billion (more than other areas of the WTO negotiations), but progress so far has largely been limited to relatively small professional groups and occupations requiring high-skill labour. As with migration more generally, there are a number of questions on the social and other implications of international labour movement for both home and host countries, as recently discussed in ECOSOC. While remittances are, of course, private funds in the same way as business earnings from trade, it is worth considering whether other means exist to mobilize such funds to support broader social or productive goals.

12. Foreign investment. FDI is another potential source of financing for development, which can also bring access to markets, technologies and management know-how. For developing countries, inward – and increasingly outward FDI – offers a potential link with international production networks. The role of FDI and transnational corporations (TNCs) in the global economy has expanded significantly over the course of the past three decades. Increased openness of national markets to trade and capital flows, as well as technological change have reduced the costs of doing business internationally and created new opportunities; this has allowed TNCs – mostly from developed but increasingly also from developing countries – to explore new markets, access natural resources abroad and/or seek the increased efficiency, which would enable them to compete in the new international environment. But, the regional distribution of FDI flows among developing countries is uneven. Nearly 80 per cent of the total FDI flows to developing countries goes to less than 10 countries. In 2004, China alone attracted more than 30 per cent of the total inflows to developing countries and 10 per cent of world FDI inflows. In contrast, Africa's share in total FDI inflows to developing countries was only 8.7 per cent and its share of world FDI inflows was a mere 2.7 per cent. However, there has recently been a resurgence of FDI flows to Latin America and Africa, driven by prospects for greater earnings potential in the extractive industries. The share of all LDCs in total world FDI inflows remains less than 1 per cent indicating the continuing marginalization of these economies from the international production system. For many these countries, attracting additional FDI that complements their low level of domestic investment and ensuring that such investment contributes to economic growth, employment creation, technology and skills transfer and reduces the incidence of poverty, remains the key policy challenge.

13. However, the process of globalization and associated policy reforms, also need to be managed in a more effective manner, with due regard to the rules governing the international financial, monetary and trading systems, as discussed in Section III.

Issues for discussion

- What actions are needed to help the poor benefit from globalization?
- Do trade negotiations contribute to the development process?
- What actions are needed to help developing countries take advantage of trade opportunities and to reduce, eliminate or overcome major constraints to their trade expansion?
- What are the most pressing production and supply-related constraints in developing countries, and how can these best be addressed?
- What is the role of Aid for Trade?
- Is it possible to secure greater development benefits from workers' remittances, including in the context of the WTO's negotiations on Mode 4 of GATS?
- What kind of regulatory framework is necessary to ensure that FDI contributes to the development efforts of host countries? How can developing countries deepen linkages between foreign investors in their territories and the domestic economy?

III. COHERENCE BETWEEN NATIONAL DEVELOPMENT STRATEGIES AND INTERNATIONAL ECONOMIC PROCESSES

Background

14. Greater integration into the global economy is now seen by most developing countries as a path to development. However, while policies that have relied heavily on market forces to foster such integration have had some notable successes, there is increasing evidence that they have often failed to deliver desired development outcomes. Many developing countries which have undertaken wide-ranging economic reforms did not achieve a satisfactory supply response. In fact, in some cases, these countries experienced reduced or falling growth, especially in the industrial sector. Some have begun to reconsider the use of proactive trade and industrial policies in their development strategies, modelled on the approach used by some successful East Asian countries. In the past industrial policies were often identified with "picking winners" and extensive state support and protectionism. For this reason, there is considerable controversy about the rationale for such policies, as well as their viability. The controversy is related to the possible adverse effects of such policies on efficient resource allocation. But, the historical experience of economic catch-up in mature and late industrializers is that exclusive concentration on allocative efficiency implies that too little attention is paid to stimulating the dynamic forces of markets that underlie structural change and economic growth. As a recent study by the World Bank argues "growth entails more than the efficient use of resources". This is particularly true for developing countries where economic growth entails dynamic changes in the structure and technology-content of production.

15. The question is, therefore, is there still a role for some kind of pro-active industrial policy in building productive and supply capacities and promoting economic diversification in developing countries? Moreover, to what extent has the revision of the international framework of rules and disciplines limited the options – or "policy space" – available for developing countries to pursue their development objectives?

16. A lesson from recent evaluations of the reform programmes that have taken place in the past 10-15 years is that development policy needs to recognize the diversity of developing countries: there is no “one size fits all”. Nevertheless, there are some commonalities in the effort to build productive capacities and international competitiveness, in particular through favouring policies supportive of innovative investments, as well as efforts to get imported technologies to work well under local conditions. Among the measures that are seen as important for stimulating investment (domestic investment as well as FDI) are a macro-economic framework conducive to an expansion of productive capacity and an increase in productivity, well-functioning institutional and legal frameworks to ensure the effectiveness and enforceability of adopted policies ("good governance"), political stability, a skilled labour force, adequate development financing, including for SMEs, and so on. There is also a need for complementarity between trade and industrial policies, designed to achieve international competitiveness in increasingly more technology-intensive products. For instance, there is a need to develop appropriate science and technology policy, ICT, bio- and nanotechnologies, and to create links between knowledge generation and enterprise creation and development. There is also evidence that support for physical infrastructure would bring growth dividends, especially in sub-Saharan Africa; there is also a more general need to tackle administrative and regulatory obstacles to trade through concrete trade facilitation measures and trade logistics.

17. Some of the measures indicated are part of a permanent long-term enabling environment to spur the growth of the productive sector. However, there may also be a role for short-term measures designed to kick-start the process, perhaps through financial supports. Such support should not be open-ended, but be given only on the basis of clearly-established operational and achievable goals, observable monitoring criteria and specific time horizons.

18. An assessment of the extent to which various international trade arrangements have restricted the degrees of freedom of developing countries to pursue proactive trade and industrial policies gives a mixed picture. On the one hand, WTO rules and commitments have made it far more difficult for developing countries to combine outward orientation with the policy instruments employed by mature and late industrializers to promote economic diversification and technological upgrading. The rules and commitments limit policy space in three areas. First, they severely restrict the use of subsidies that could be helpful in exploiting externalities or offsetting market failures that inhibit the development of local production of new products or new modes of production. Probably the greatest obstacle to sensible industrial policies in this context is the prohibition under WTO’s Agreement on Subsidies and Countervailing Measures to provide subsidies contingent on export performance. Second, they prohibit the imposition on foreign investors of performance requirements that favour technology transfer and the use of domestically produced components. And, third, IP rules increase the costs of adopting new technologies and make it difficult or costly for domestic producers to undertake reverse engineering and imitation through access to technology that is covered by patent or copyright protection.

19. At present, tariffs are among the few options left to promote industrial development, but trade negotiations at different levels are narrowing this option. Some flexibility may need to be maintained, bearing in mind that "squeezing the water out of the tariff" (i.e. closing the gap between applied and bound rates) may lead to greater use of contingency measures such as anti-dumping, countervailing and safeguard measures that are inherently discriminatory, complex and expensive to administer. On the other hand, under the current multilateral rules, it is still possible to provide general subsidies in support of R&D, environmental and regional development objectives. Countries in a position to use the WTO rules and commitments to this effect can continue to support their own industries with a range of policies and instruments, as well as generally promoting national efforts towards technological advancement. The main problem here is that developing countries are often under severe budgetary constraints, so that although the rules provide for legal equality, there is an inherent economic constraint, which some consider as a systemic bias of the WTO system.

20. While the rule-based system provides for greater predictability in trade, allowing for legal challenges when countries consider they are being harmed by the policies of other countries, there is obviously some concern that rule-making may have gone beyond what is economically advisable in terms of exploiting externalities or correcting market imperfections. Moreover, there has been a *de facto* tightening up of past flexibilities that were previously available under waivers.

21. Regarding national institutional arrangements, a key challenge is to put in place institutional arrangements that successfully manage the economic rents associated with proactive trade and industrial policies in support of structural transformation and sustained growth. Once an economy is on a path of sustained catch-up growth, the government's capacity to support the creation of high-quality institutions through increased public expenditure will also rise. Yet the widespread scepticism about the capacity of the State to create and manage growth-promoting rents cannot be ignored. Part of this scepticism is clearly justified, given the poorly performing institutional set-ups in a large number of developing countries. Much of the effectiveness of proactive trade and industrial policies for achieving their objectives, therefore, depends on the professionalism of the bureaucracy and the efficiency of information exchange between the public and private sectors. In this respect, there may well be a need for support to strengthening administrative capacities ("soft infrastructure"), which could also be targeted within the framework of ODA.

22. Whatever the approach for the use of proactive industrial policies, it is also important that such policies are pursued in an enabling macroeconomic environment. The orthodox approach to macroeconomic policy stressed price stabilization principally through the use of monetary policy and supported by tight fiscal policies. The focus on price stabilization was to some extent determined by the experience of the international financial institutions (IFIs) in dealing with very high inflation – even hyperinflation in a number of Latin American economies. In contrast, the Asian stabilization experience suggests that the orthodox route is not necessarily the only way to macro-economic stability. The Asian model combined sound monetary policy with the use of a heterodox, non-monetary toolbox, including instruments such as incomes policy or direct intervention into the goods and labour markets. In these countries monetary and fiscal policies were to a large extent directed towards increasing growth and investment, e.g. by means of low interest rates and, at least since the Asian financial crisis, a slightly undervalued exchange rate. Fiscal policy was also used pragmatically to stimulate demand whenever that was required in light of cyclical developments.

23. External financing remains necessary to the extent that increasing imports of capital goods as a result of higher investment lead to current account deficit, but many successful cases of economic catching-up, and most recently China, have shown that the domestic financing of investment can go a long way to raise growth rates without net foreign savings. The decisive factor for catching-up is domestic accumulation of capital as the result of simultaneous investment and consumption growth in a process of rising real income for all groups of society. Thus, opening-up to the inflow of foreign capital is not always a condition for successful catching-up.

24. In the absence of effective multilateral arrangements for exchange-rate management, macroeconomic policy in many developing countries has been geared increasingly to avoid currency overvaluation. This has not only been a means to maintain or improve international competitiveness, but also a necessary condition for low domestic interest rates and an insurance against the risk of future financial crises. By contrast, reliance on net capital inflows or current-account deficits proved to be very costly in the past, frequently resulting in financial crises. Interest rate hikes, huge losses of real income and rising debt burdens have been common outcomes of such an approach. Under the newer approach, which aims at avoiding overvalued currencies, monetary authorities have been able to actively pursue development targets, provided that an acceleration of inflation is checked by non-monetary measures.

25. The heterodox Asian policy-mix has been complemented by some forms of capital account regulation. While such regulation may help to contain and, to some extent, also prevent crises, the prime objective of economic policy should be to avoid the emergence of large interest rate differentials, arbitrage possibilities and the incentives for speculation. However, as speculation on currency appreciation and destabilizing inflows of hot money cannot be fully avoided, some form of intervention by monetary authorities, or a "Tobin tax" (a small levy on – especially short-term - capital movements), may have some useful value in crisis situations.

26. At the international level, the current system of global economic governance may be characterized as having two overlapping asymmetries. First, contrary to the existing institutional structure in international trade, current international monetary and financial arrangements are not organized around a multilateral rules-based system that applies a specific set of core principles to all participants. This asymmetry has particularly strong adverse effects on developing countries because monetary and financial policies can have much more damaging effects than those caused by trade and trade-related policies. Second, the multilateral rules and commitments governing international economic relations are, in legal terms, equally binding on all participants, but in economic terms they are biased towards an accommodation of the requirements of developed countries. Taken together, these asymmetries result in multilateral rules and practices which seek to deepen economic integration in a number of areas crucial to the interests and priorities of developed countries, and reduce the degrees of freedom for national economic policies in areas crucial for industrialization and economic catch-up.

27. The lack of a functioning financial framework in a globalized economy suggests the need for a new and multilateral approach to the management of exchange rates. However, new or reformed institutions promoting a system of stable exchange rates to ensure a predictable trading environment would need to become more symmetrical in their treatment of all member countries. The main objective of such an institution would be the prevention of

systemic crises in emerging markets based on the close monitoring of trade imbalances and global exchange rate misalignments in both surplus and deficit countries. Separating surveillance from lending decisions and assigning it to an independent authority could improve its quality, legitimacy and impact.

Issues for discussion

- Is there a role for proactive industrial policies to help generate a supply-response and promote economic diversification in the developing countries?
- Is it possible to develop proactive industrial polices in the context of a private sector-led, market-based economy?
- What are the most important steps – institutions, policies and instruments – that need to be taken in order to develop productive capacities in developing countries and to achieve international competitiveness? What is the relative importance of institutions and policies? How should priorities be determined at different levels of development, capacities, endowments and prevailing economic conditions?
- What is the scope within international rules for the use of proactive industrial and other support policies in support of development? Is there an inherent bias in the international rules and disciplines against developing countries? Is there a need to re-introduce the flexibilities that were allowed in the past under waivers from the multilateral rules on trade?
- How can the international community assist developing countries' efforts to develop productive capacities and achieve international competitiveness?
- What kind of macroeconomic policies provide the best support for development? How can orthodox and heterodox polices be combined to produce an optimal, low-inflation, high-growth outcome?

IV. UNCTAD, UN REFORM AND DEVELOPMENT

Background

28. The United Nations system addresses development within the context of its interdependence with peace, security and human rights. The UN has been highly successful, through its Summits and Conferences, in attracting and persuading Member States to rally around a shared set of development norms, goals and priorities, as contained in the World Summit Outcome and the Millennium Declaration. The strength of the UN system in the area of development, and hence its comparative advantage within the multilateral economic governance system, lies in promoting a comprehensive approach to managing global development, upholding values such as universality, multilateralism, neutrality, objectivity, flexibility and non-conditionality, in the use of development-assistance resources. The high

degree of international consensus that is part of the UN *modus operandi* confers legitimacy and credibility on its work.

29. How effectively the norms, goals and priorities embodied in the UN's work on development can be realized at the ground level through high-quality, timely and collective operational activities for development is today high on the agenda of all countries of the world. However, the system is often seen as malfunctioning, as more than 30 agencies, with different governance and secretariat structures, are pursuing ever-growing mandates without adequate coordination or resort to different agencies' core competences and specialization. This erodes the cumulative value and visible impact of UN's operational activities and the addressing the weaknesses is a key function of the current reform process.

30. A key challenge for the reform process will be for the UN to develop strategies to respond effectively to the complexities of economic interdependence. There is an increasing recognition that the growth in global interdependence poses even greater problems today. But the mechanisms and institutions put in place over the past three decades have not been sufficient to meet the challenge regarding the coherence, complementarity and coordination of global economic policymaking. Proposals in the current context of UN system-wide coherence should start with an attempt to address these problems, *inter alia*, through the appropriate parts of the UN system. As the focal point within the United Nations for the integrated treatment of trade and development and the interrelated issues in the areas of trade, finance, technology, investment and sustainable development, UNCTAD is well placed to examine these issues and to build a consensus for reformulation of policies from a development perspective.

31. It may be recalled that the creation of a coherent and coordinated set of international institutions in support of trade and development had been an objective of the post-World War II institutions. However, the planned framework for macroeconomic and financial policy issues, envisaged in the Havana Charter, was never implemented, resulting in the greater development of multilateral rules on trade than in the area of finance, as noted in the previous section. It is thus not surprising, in the light of repeated financial crises, that the question is again being posed as to how to ensure that international system can deliver development. Recent experience has raised questions, particularly from developing countries, about the effectiveness of policies promoted by the IFIs. Quite apart from destabilizing and deflationary feedbacks in various spheres of economic activity (trade, debt and finance), there are also concerns that global arrangements in trade, debt and finance contain systemic biases and asymmetries that constrain development.

32. For most developing countries, today's international trade and finance systems do not provide sufficient long-term financial resources to enable them to achieve the rapid and sustained growth needed to reach various poverty alleviation targets set by the international community for the new millennium. The outcome of the Monterrey Financing for Development conference highlighted this inconsistency: the additional pledges made in the context of this conference fall far short of amounts needed to close the resource gap. The recent commitments made by the international community at the World Summit in 2005 constitute a much more positive step forward. However, there are many outstanding issues to be addressed if development financing is to be made available in a way that complements national development plans and allows for a fuller participation in the international trading system, issues that are also being discussed in the context of current discussion on "Aid for Trade".

33. However, the architecture of development financing also needs to be addressed within the context of the review of the UN system, and the global competences of UNCTAD need to be emphasized in this respect. In particular, the redesign of the architecture of the international financial system needs to be examined with the basic objective of easing the integration of developing countries into the international trading system in a way that guarantees full exploitation of their development potential. Up to now, the process of reform of the international financial architecture has so far placed undue emphasis on what should be done at the national level. Just as the original design of the post-war international financial system was undertaken by an intergovernmental process under the auspices of the United Nations, the redesign of the current system should also be approached within the United Nations framework with full representation. It is essential to ensure that this broader approach to reform is built on an effort to bring coherence to the policies advocated by various international institutions so as to provide the necessary support for a successful and durable open multilateral trading system.

34. In the core area of specialization of global economic interdependence (spanning trade, money and finance, investment, technology and enterprise for development), a coherent and integrated vision is essential and UNCTAD is an appropriate vehicle to address that. Without an integrated approach to trade, finance, investment and development, interdependent international trading, monetary and financial systems and policies cannot act in concert as effective engines of development and poverty reduction, as well as to meaningfully contribute to the larger objectives of peace and security.

35. UNCTAD's role, reflecting Conference mandates, is strengthened by the bringing together of key stakeholders including policymakers from developed and developing countries, other UN system partners and civil society. This enables UNCTAD to lead broad-based coalitions to forge realistic solutions to economic development needs of developing countries. This role may be further strengthened if UNCTAD could develop its research capacities along the lines suggested in the recent Report of the Panel of Eminent Persons, "Enhancing the Development Role and Impact of UNCTAD" (UN, Geneva, July 2006), which also proposed that "UNCTAD should be a think tank on development issues, firmly anchored on its three pillars of work".

36. A key strength of UNCTAD lies in the structurally built-in coherence between its normative, analytical and operational activities through the three pillars of its research and policy analysis, intergovernmental consensus-building processes and capacity-building activities for developing countries. Undoubtedly, its work on the three pillars could extend benefits to the rest of the UN development system through an improved division of labour based on core competencies and comparative advantage of each part of the system.

- Thus, UNCTAD's normative role as a catalyst for multilateral action from a comprehensive development perspective could advance consensus building in other forums such as UN General Assembly and ECOSOC.
- Its analytical functions in providing greater insights into changing development problématique from the standpoint of interdependence could be utilized better by other departments and programmes.
- Its operational role could be strengthened and the value and impact of its capacity-building work could be enhanced through an enhanced, coordinated relationship with UNDP, UNOPS and other country teams in order to make greater use of their project implementation capabilities. Leveraging

> partnerships would enable UNCTAD to better serve developing countries without having to establish country-level presence and would ensure that UNCTAD's substantive oversight, monitoring and evaluation could facilitate the delivery of technical assistance.

37. The General Assembly entrusted UNCTAD with the task of reviewing and facilitating the coordination of activities of other institutions within the UN system in the field of international trade and related problems of economic development, and in this regard it was asked to cooperate with the General Assembly and ECOSOC with respect to the performance of their responsibilities for coordination under the Charter of the UN. From its unique vantage point, UNCTAD stands ready and able to play its part in working for a distinct, integrated and concerted approach to analytical, intergovernmental and operational work of the UN on economic development.

Issues for discussion

- Should UNCTAD's intergovernmental process serve as a forum that does more than consensus-building?
- How can UNCTAD play its role as a "think tank on development issues, firmly anchored on its three pillars of work"?
- Is some overlap with other UN agencies inevitable?
- How can UNCTAD improve its impact at national and regional levels?
- How can UNCTAD best use the inter-governmental processes to establish networks with experts from capitals?
- What should be the role of UNCTAD in a new "Aid for Trade initiative"?

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