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Report of the Trade and Development Board on its fifty-seventh executive session*

Geneva, 26-28 June 2013

Introduction

The fifty-seventh executive session of the Trade and Development Board was opened by Mr. Mukhtar Tileuberdi (Kazakhstan), President of the Board, on Wednesday, 26 June 2013. In the course of the session, the Board held four plenary meetings, the 1,099th to the 1,102nd.

I. Action by the Trade and Development Board

A. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary bodies

1. Report of the Working Party (Agenda item 3(a))

1. The Chair of the sixty-fourth session of the Working Party on the Strategic Framework and the Programme Budget presented the main outcomes and agreed conclusions of the session. The main item on agenda was secretariat's review of the fourth report on the implementation of the communication strategy and publications policy, approved by the Trade and Development Board in 2009, which covered activities undertaken from May to December 2012.

2. The Board took note of the report of the sixty-fourth session of the Working Party as contained in the document [TD/B/WP/250](#).

* The present document is an advance version of the report of the Trade and Development Board on its fifty-seventh executive session, held at the United Nations Office at Geneva from 26 to 28 June 2013. It will appear in final form, together with the reports on the twenty-seventh special session, the fifty-sixth executive session and the sixtieth session of the Board, as *Official Records of the General Assembly, Sixty-eighth Session, Supplement No. 15 (A/68/15)*.



2. Report of the Investment, Enterprise and Development Commission

(Agenda item 3(b))

3. The Board took note of the report of the Investment, Enterprise and Development Commission on its fifth session ([TD/B/C.II/22](#)), as presented by its Chair, and endorsed the agreed conclusions contained therein.

3. Terms of reference for multi-/single-year expert meetings

(Agenda item 3(c))

4. Member States agreed on final amendments to the third and fourth sessions of the draft terms of reference for the Multi-year Expert Meeting on Enhancing the Enabling Economic Environment at All Levels in Support of Inclusive and Sustainable Development. The final version of the terms of reference would be included in an addendum to the report of the fifty-sixth executive session of the Trade and Development Board.

5. With regard to the three remaining draft terms of reference yet to be approved, member States requested additional time in order to communicate comments and suggestions for redrafting to the secretariat following consultations within and among regional groups. The Board agreed that regional coordinators would communicate with the secretariat once they had reached consensus on the terms of reference listed below, in order to finalize them during a meeting of the extended Bureau of the Trade and Development Board:

(a) Multi-year Expert Meeting on Economic Integration and Cooperation (second, third and fourth sessions);

(b) Expert Meeting on the Impact of Access to Financial Services, Including by Highlighting Remittances on Development: Economic Empowerment of Women and Youth;

(c) Expert Meeting on Social Inclusion Programmes and Their Impact on Sustainable and Inclusive Development and Growth.

4. Modalities for the commemoration of the fiftieth anniversary of UNCTAD

(Agenda item 3(d))

6. The Trade and Development Board adopted on the basis of consensus the modalities for the commemoration of the fiftieth anniversary of the United Nations Conference on Trade and Development (UNCTAD). In so doing, the Board agreed to the following:

(a) First, the celebrations of the fiftieth anniversary of UNCTAD should impact on the broader discourse on development and should therefore be relevant to the ongoing work of the United Nations in this regard;

(b) Consequently, the publication envisioned as the outcome of the fiftieth anniversary of UNCTAD will contain two elements: a retrospective element examining the key work of UNCTAD over the years, including its shortcomings. It is understood that in better appreciating and understanding the past, we will be in a better position to ensure a stronger future for UNCTAD. The second dimension will contain elements that will contribute to the broader work of the United Nations on development. The publication should therefore be ready as early as possible, preferably before 16 June 2014;

(c) To mark the solemnity and importance of the event, there will be no negotiated outcome of the special session of the Trade and Development Board;

(d) The commemoration of the fiftieth anniversary of UNCTAD should not have any adverse resource implications on any of UNCTAD's activities in the implementation of the Doha Mandate;

(e) Finally, the celebrations of the fiftieth anniversary of UNCTAD stand alone on their own merit and importance. This does not preclude the Trade and Development Board from subsequently undertaking other activities as part of the UNCTAD mandate to contribute to the broader discourse on development, including follow-up and implementation of the various United Nations summits and conferences on development.

B. Designation of non-governmental organizations and intergovernmental bodies for the purposes of rules 76 and 77 of the rules of procedure of the Board

(Agenda item 4)

7. The Board approved the applications to be granted observer status from the Eurasian Economic Commission, as contained in document TD/B/EX(57)/R.4, and from the Business Development Center and Iniciativa Cultural, as contained in documents TD/B/EX(57)/R.1 and TD/B/EX(57)/R.2 respectively.

8. The three organizations would be added to the most recent lists of intergovernmental bodies ([TD/B/IGO/LIST/10](#)) and non-governmental organizations ([TD/B/NGO/LIST/15](#)) enjoying observer status with UNCTAD.

9. The President of the Trade and Development Board drew the attention of member States to an issue raised by one delegation concerning the application of the Palestinian NGO Network (TD/B/EX(57)/R.3) which noted that discrepancies existed between the description of the organization's objectives in the application that was submitted to UNCTAD and the objectives that were listed on the Palestinian NGO Network's website (www.pngo.net).

10. The President therefore requested the UNCTAD secretariat to contact the Palestinian NGO Network and request clarifications and then invite the non-governmental organization to submit a revised application which would be considered by the Bureau of the Board at a later date.

C. Report of the Joint Advisory Group of the International Trade Centre

(Agenda item 5)

11. During the fifty-seventh executive session of the Trade and Development Board, the Board took note of the report of the Joint Advisory Group of the International Trade Centre on its forty-seventh session as contained in document ITC/AG(XLVII)/251, which was made available to member States during the meeting.

II. President's summary

A. Activities undertaken by UNCTAD in support of Africa: Part I

(Agenda item 2)

12. The agenda item, focused on Africa, was organized in two parts. The morning session consisted of a presentation of the report contained in document TD/B/EX(57)/2, Activities undertaken by UNCTAD in support of Africa. The afternoon session consisted of a panel debate.

13. The following speakers made presentations during the morning session: the Secretary-General of UNCTAD; the Director of the UNCTAD Division for Africa, Least Developed Countries and Special Programmes; the representative of Ecuador, on behalf of the Group of 77 and China; the representative of the European Union; the representative of Ethiopia, on behalf of the African Group; the representative of Peru on behalf of the Group of Latin American and Caribbean States; the representative of the Islamic Republic of Iran, on behalf of the Asian Group; the representative of Algeria; the representative of China; the representative of Rwanda; and the representative of Lesotho.

14. The Secretary-General of UNCTAD indicated that the top two priorities of UNCTAD work related to the achievement of food security and the promotion of development in Africa. The Secretary-General reviewed the contributions that the UNCTAD flagship publication, the *Economic Development in Africa Report*, had made to effective policy design and formulation in Africa. He noted that current methodologies for measuring gross domestic product were likely to underestimate growth in Africa, given the existence of a large informal sector in the region.

15. The Secretary-General reminded delegates of the importance it was for Africa to achieve high-quality growth — economic growth that was self-sustained, resilient to shocks and inclusive. In this context, he highlighted how the analysis and policy messages contained in past editions of the *Economic Development in Africa Report* had promoted the concept of high-quality growth. For instance, the 2008 report recommended that countries in Africa diversify their production, exports and markets in order to build resilience to shocks. The last two reports provided explicit recommendations on how countries in the region could accelerate structural transformation and economic diversification while maintaining environmental sustainability, namely by fostering industrial development and adopting a strategy of sustainable structural transformation. With regard to the forthcoming *Economic Development in Africa Report 2013*, the main theme would centre on boosting intra-African trade by unleashing private sector dynamism.

16. The report on activities undertaken in support of Africa was presented by the Director of the UNCTAD Division for Africa, Least Developed Countries and Special Programmes. The Director provided several specific examples of the impact of UNCTAD on African development outcomes through its three main pillars of work, namely research and policy analysis, technical cooperation and consensus-building.

17. The representative of one regional group requested UNCTAD to continue supporting capacity-building in Africa in the area of multilateral trade negotiations. The same representative expressed appreciation for the UNCTAD Investment Policy Framework for Sustainable Development and appealed to UNCTAD to continue supporting developing countries in the formulation of investment policies and in

harnessing science, technology and innovation as tools for diversifying exports and achieving sustainable development.

18. Many delegates cautioned that, though Africa had seen solid economic growth performance lately, the region still had to face several critical challenges ahead such as poverty, lack of infrastructure, natural disasters and political and social turbulence. In this respect, UNCTAD had a relevant role to play including in continuing to support countries in Africa in the structural transformation of their economies and diversification of their export products. A holistic approach to development in Africa was needed.

19. The representative of an intergovernmental organization held the view that the potential of the private sector in Africa was underexploited and called for improving public-private dialogue in the region. The representative of one regional group expressed satisfaction with the fact that the work of the UNCTAD secretariat had been demand-driven and targeted towards addressing real development challenges. The representative noted that UNCTAD had been working closely with national governments, subregional and regional organizations on the continent. The representative stated that, though it would be difficult to assess the impact of UNCTAD activities on their own in Africa, it was nevertheless important to focus on areas which could have more impact on development.

20. Some delegates made calls for UNCTAD support in several areas, including (a) the need for the UNCTAD secretariat to support experts from developing countries in attending expert meetings and for member States to contribute to the trust fund created to support such participation; (b) the need for UNCTAD to support countries in Africa in implementing the UNCTAD Investment Policy Framework for Sustainable Development and disseminate the findings of its *World Investment Report* on foreign direct investment (FDI) more widely; (c) an appeal for UNCTAD to support countries in Africa in implementing their structural transformation and industrial development policies and provide technical assistance to countries that were negotiating access to the World Trade Organization; (d) a call for UNCTAD to collaborate closely with African institutions in the three areas mentioned in the African Union's action plan for boosting Intra-African trade, namely trade policy, trade facilitation and building productive capacities in trade; and a call for UNCTAD to be substantively involved in the design and implementation of a post-2015 development framework.

21. One delegate commented on the multiple ways that UNCTAD was supporting Rwanda in attracting FDI, engaging in policy reforms and maintaining high economic growth rates. Rwanda was among the top reformers on the "Doing Business" indicator for Africa in 2013. The delegate expressed concern in relation to what countries in Africa would be able to trade once trade barriers were dismantled and infrastructure was provided. Furthermore, in the delegate's opinion, countries in Africa should intensify efforts at diversifying their trade basket, securing trade financing and engaging in technological upgrading.

22. Several delegates thanked UNCTAD for the guidelines and modalities that were put in place to guide the preparations of the fiftieth anniversary celebrations of UNCTAD in 2014. The celebrations should not only commemorate the past achievements of UNCTAD but also serve as a platform to define the role that the organization will play in the future, especially in the light of a post-2015 development framework.

B. Activities undertaken by UNCTAD in support of Africa: Part II

Panel session: Strengthening linkages between domestic and foreign direct investment in Africa

(Agenda item 2)

23. As part of this agenda item, a panel debate was held on the topic of “Strengthening linkages between domestic and foreign direct investment in Africa”. Document TD/B/EX(57)/3 served as a basis for the discussion.

24. The panel consisted of experts from the Permanent Delegation of the African Union to the United Nations and other International Organizations in Geneva, the United Nations Industrial Development Organization (UNIDO), the Swiss-African Business Circle, the New Partnership for Africa’s Development-Organization for Economic Cooperation and Development African Investment Initiative and the Enterprise Branch of the UNCTAD Division on Investment and Enterprise. The panellists discussed key factors inhibiting linkages between FDI and domestic investment in Africa and suggested policy measures to improve geographical and sectoral diversification of FDI in Africa.

25. Highlighting the paradoxical situation of Africa, which was an attractive destination for FDI yet also had the highest rate of poverty, the panel emphasized the need for structural reforms in Africa and the importance of adding value to inputs in order to generate employment. FDI was attracted to a few countries which had infrastructure and spearheaded growth in Africa, such as Ghana, Nigeria and South Africa. The need for an enabling economic environment along with adequate infrastructure, which includes adequate roads for landlocked countries and availability of electricity, was emphasized. The panel suggested that international organizations such as UNCTAD should help least developed countries to negotiate with China in the area of providing low-cost solar panels. The need to channel remittances towards more productive uses such as housing was also emphasized.

26. The panel discussed existing investment programmes of UNIDO. These programmes included the Africa Investment Promotion Agency Network and the Investment Monitoring Platform. The results of impact of FDI, based on the Africa Investor survey findings from 2010, were shared with participants. Particular attention was given to the impact of Japanese FDI in Africa. The Africa Investment Promotion Agency Network programme involved data reporting in an interactive manner which allowed an interface between foreign investors and domestic enterprises. This helped to build linkages between foreign and domestic investors and facilitated access to country- and sector-specific information of domestic investors.

27. Based on the Africa Investor survey results for 2010, the panel reported that new investments on the order of \$18 billion were being planned for Africa and that domestic enterprises which were regional exporters were among the fastest growing group in terms of employment growth and planned new investments. Japanese companies were found to have higher initial investments as well as the highest levels of existing and planned investments. These companies were found to have higher value added and a higher full-time employment rate. They also had the highest labour productivity in the sample. The panel suggested that the reasons for this needed to be explored. The panel also discussed briefly other programmes such

as supplier development and partnership exchanges and the Enterprise Development and Investment Promotion programme. It was suggested that organizations such as UNCTAD should cooperate with UNIDO to expand such programmes to other countries in Africa.

28. The role of the Swiss-African Business Circle in fostering relationships between foreign and domestic enterprises was discussed. The panel emphasized that taking account of the growing population of Africa, the provision of adequate infrastructure such as housing, roads and the like in the future was a global challenge. It was recognized that Africa would also provide new markets to the world. However, Africa was a large continent with diverse countries and this ought to be taken into account when considering policy actions for domestic small and medium-sized enterprises.

29. One panellist shared information on the New Partnership for Africa's Development-Organization for Economic Cooperation and Development African Investment Initiative. It was stressed that the quality of FDI was as important as the quantity of FDI. The aim should therefore be for FDI with greater linkages. Linkages were context-specific as well as sector-specific. Foreign enterprises might favour their own first-tier partners from home countries or other countries as compared to domestic enterprises in Africa. There was a need to develop the capacities of domestic small and medium-sized enterprises so that they were able to move from the position of being third-tier partners to being second-tier partners for foreign enterprises. The panellists suggested that providing training and skill development could help but policy initiatives such as tax incentives might not actually improve linkages.

30. Special economic zones and cluster development were favoured policy options for policymakers to improve linkages but these might not be very successful in Africa. These policy options required an enabling economic environment which included basic infrastructure, an institutional environment that stimulated innovation, intellectual property rights standards, global connectivity and competent intermediary organizations, which many countries in Africa lacked. It was therefore important to focus on skill development, which could entail breaking the skill equilibrium and filling the skill gap through triangular cooperation between government, training institutes and the private sector. One panellist highlighted the challenges faced by small and medium-sized enterprises and foreign enterprises in Africa and shared information on the UNCTAD Business Linkage Programme. Good practices emphasized by the programme included customizing policies according to country needs, encouraging market-driven linkages, building capacities of national counterparts and providing incentives to attract companies to join linkage programmes.

31. Many delegates thanked the UNCTAD secretariat for organizing a very useful panel discussion.

32. One delegate pointed out that FDI should supplement the role of domestic investments and developing human capital in Africa was vital for this, along with developing appropriate financial institutions, boosting intra-Africa trade, improving public-private dialogue, building adequate infrastructure such as transport and energy and improving overall governance. Another delegate emphasized the need to improve the education system in countries in Africa and suggested that UNCTAD undertake work in this direction. The secretariat noted that the United Nations

Educational, Scientific and Cultural Organization would be the most appropriate body to address the education system. Another delegate reiterated that Japan was strengthening its partnership with Africa in the areas of trade and investments and Japanese investors were working closely with the Government of Japan and local governments in Africa to identify needs and reduce constraints in this regard.

33. One delegate emphasized the issue of technology transfer and flexibilities in the intellectual property rights regime and a question was raised on how best to channel speculative financial investments to the real sector. Another delegate pointed out that Africa had to compete with other regions in terms of providing an enabling environment for FDI. The vicious circle of low FDI, low domestic investments and low finance for developing infrastructure was highlighted.

34. The panellists stressed the need for technical cooperation and synergies in the technical programmes of different international organizations to address the needs of countries in Africa. Rethinking strategies with respect to public-private partnerships for providing infrastructure was suggested. The panellists also re-emphasized the need for structural transformation as well as channelling resources to the real sector to generate employment and developing appropriate and adequate infrastructure. The need for a regulatory framework for enabling technology transfers was emphasized along with efforts to improve the absorptive capacities of recipient countries. The UNCTAD secretariat pointed out that FDI moved to countries where domestic investments were strong and that consequently private domestic investments in Africa should not be ignored.

III. Organizational matters

A. Adoption of the agenda and organization of the work of the session (Agenda item 1)

35. At its opening plenary meeting, on 26 June 2013, the President of the Board proposed the introduction of two items to the agenda in addition to those in the provisional agenda contained in documents TD/B/EX(57)/1 and TD/B/EX(57)/1/Corr.1. The first additional item introduced would enable moving forward discussions concerning the fiftieth anniversary of UNCTAD in 2014. The second additional item would be consideration of the provisional agenda of the fifty-eighth executive session of the Board.

36. The Board decided to adopt the provisional agenda with the two added agenda items. Accordingly, the agenda for the executive session was as follows:

1. Adoption of the agenda and organization of work
2. Activities undertaken by UNCTAD in support of Africa
3. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary bodies:
 - (a) Report of the Working Party
 - (b) Report of the Investment, Enterprise and Development Commission
 - (c) Terms of reference for multi-/single-year expert meetings

- (d) Modalities for the commemoration of the fiftieth anniversary of UNCTAD
- 4. Designation of non-governmental organizations and intergovernmental bodies for the purposes of rules 76 and 77 of the Rules of Procedure of the Trade and Development Board
- 5. Report of the Joint Advisory Group of the International Trade Centre
- 6. Provisional agenda for the fifty-eighth executive session of the Board
- 7. Other business
- 8. Report of the Board on its fifty-seventh executive session

B. Draft provisional agenda of the fifty-eighth executive session of the Board

37. The Trade and Development Board approved the draft provisional agenda of the fifty-eighth executive session of the Board, to be held from 12 to 13 December 2013 (see annex I).

C. Report of the Board on its fifty-seventh executive session

38. The Trade and Development Board authorized the completion of the report after the conclusion of the meeting in accordance with past practice.

Annex I

Draft provisional agenda

1. Adoption of the agenda and organization of work
2. *The Least Developed Countries Report 2013: Growth with employment for inclusive and sustainable development*
3. Report of the Working Party on the Strategic Framework and the Programme Budget on its sixty-sixth session (2-4 December 2013)
4. Designation of non-governmental organizations for the purposes of rule 77 of the Rules of Procedure of the Board
5. Provisional agenda for the fifty-ninth executive session of the Board
6. Other business
7. Report of the Trade and Development Board on its fifty-eighth executive session

Annex II

Attendance*

1. Representatives of the following States members of the Trade and Development Board attended the session:

Algeria	Jamaica
Argentina	Japan
Austria	Kazakhstan
Azerbaijan	Lesotho
Bahamas	Libya
Barbados	Mali
Belarus	Mexico
Belgium	Morocco
Benin	Myanmar
Brazil	Nepal
Bulgaria	Nigeria
Burundi	Oman
Canada	Panama
Chad	Peru
China	Philippines
Colombia	Poland
Côte d'Ivoire	Portugal
Democratic People's Republic of Korea	Russian Federation
Dominican Republic	Rwanda
Ecuador	Senegal
Egypt	Seychelles
Estonia	Singapore
Eritrea	South Sudan
Ethiopia	Spain
Ghana	Sudan
Guatemala	Switzerland
Haiti	Thailand
Indonesia	Timor-Leste
Iran (Islamic Republic of)	United Kingdom of Great Britain and
Ireland	Northern Ireland
Israel	Venezuela (Bolivarian Republic of)
	Zimbabwe

* This attendance list contains registered participants. For the list of participants, see [TD/B/EX\(57\)/INF.1](#).

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

African Union
European Union
Organization for Economic Cooperation and Development
South Centre

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

United Nations Industrial Development Organization
World Bank
World Trade Organization

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

General Category

Consumer Unity and Trust Society International
Latin American Association of Development Finance Institutions
Village Suisse ONG
